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NEWS SUMMARY

London terror attack kills 2

Two people were killed—an air stewardess and a man believed to be an Arab terrorist—when gunmen ambushed an El Al crew bus outside London's Europa Hotel in Mayfair yesterday. Terrorists threw grenades and fired automatic weapons at the bus as it arrived at the hotel with its police escort. Nine people, mostly passengers, were also injured. Six of them were last night seriously ill in the Middlesex Hospital. The gunmen opened fire as the airline crew, who normally use the Europa between flights, were leaving the bus, hitting the stewardess in the head. The driver of a nearby taxi was blown from his cab. Shots peppered the bus and a nearby pub, the Barley Mow, where lunchtime drinkers threw themselves on the floor to escape stray bullets.

GENERAL Nihilists 'started Iran fire'

Prime Minister of Iran Mr. Jamsid Amouzgar blamed nihilists for Saturday's firebomb attack on an Ahvaz cinema, which killed 377 people. The attack was by far the worst incident in the series of violent demonstrations which have occurred over the last nine months against the Shah and his government. It presents the greatest challenge yet to the authority of the Shah and his determination to press on with elections. Page 2

Submarine towed

A crippled Soviet missile-carrying submarine was towed round the north coast of Scotland by a Russian tug, with an escort of Soviet vessels.

Thatcher visits

Tory leader Mrs. Margaret Thatcher launches the Conservative run-up campaign to the expected October election with visits to two Labour marginal seats in Kent today. Back Page

Begin warns U.S.

Israeli Premier Menachem Begin has warned the U.S. not to present its own proposals for peace at next month's Camp David summit. Page 2

Karpov leads

Challenger Viktor Korchnoi resigned two games in about an hour in the World Chess Championships in the Philippines, giving champion Anatoly Karpov a lead of three to one in the race for six wins.

IRA theory

The Rhine Army has said that the IRA was probably responsible for the bombs planted at British bases in West Germany on Friday which caused massive structural damage, but no serious injuries.

Defence plans

Britain's plans for civil defence against nuclear attack are described by two Tory MPs as "an ill-considered shambles" in a Conservative Political Centre booklet just published. Page 3

Briefly...

Protection of Children Act aimed at curbing child pornography, has come into force. Winner of the weekly £50,000 Premium Bond Prize lives in Stockport. The winning number was 95B 126088. At least 10 people died when huge waves sank a motor launch off Manila in the Philippines.

EEC steel groups seek solution to financial losses

BY ROY HODSON

Europe's leading iron and steel companies are looking urgently for ways to check their mounting financial losses. An initiative will be proposed at tomorrow's meeting in Brussels of Eurofer, the "club" of the European steel companies.

The prospect of a worsening in the steel slump in the remaining months of this year is expected to dominate discussion and executives will be equipped with grim market forecasts.

The combined EEC iron and steel industry expects to lose at least £2bn this year by keeping open unused and under-used plant capable of making almost 30m tonnes of steel a year.

That bill—the price of over-ambitious expansion plans and continuing reluctance to shut older works—will be added to current trading losses in iron and steel.

The British Steel Corporation is losing about £25 on every tonne of steel sold. Indications are that it will end 1978-79 with a deficit of some £400m, compared with a deficit of £433m in 1977-78.

The corporation's loss per tonne is, however, smaller than some of the losses being incurred by other European producers, notably companies in France and Italy.

Tomorrow's meeting will be the first of a series to find a way for European steelmakers to act in concert to cut losses on steel sales, restore a greater measure of discipline to the EEC market, and salvage those portions which are still workable of the Davignon Plan designed to protect the industry during recession.

The one-year-old plan was pioneered by Viscount Etienne Davignon, the EEC Industry Commissioner, who strengthened it last January as the steel market deteriorated internationally.

The marketing departments of the major steel companies are reporting to their Boards that the Davignon Plan is providing inadequate protection.

They expect steel prices to be eroded by heavy competition in the remaining months of this year. Some European producers will be forced out of business unless prices are stabilised.

A computer scheme will be costly—an investment of several million pounds spread throughout the steelmakers of the Nine. The British steel industry's share would be upwards of £1m.

Limited with the proposal for closer policing of European steel trading is a move within Eurofer to strengthen the secretariat of the organisation.

The current president, M. Jacques Ferry, who is also president of the French Iron and Steel Federation, should be backed by Eurofer by a strong team of full-time experts, some of whom are already working on the Davignon Plan.

Some Continental companies have broken the Davignon Plan rules to a greater or lesser extent in recent months.

On average, the EEC steel industry has been producing steel at a rate 7 per cent higher than the limits which were imposed under the plan to stabilise the market.

Eurofer now has to tackle three problems quickly. It must persuade its members to be more disciplined about production levels.

Some Continental companies have broken the Davignon Plan rules to a greater or lesser extent in recent months.

Record number of UK ships idle

By Ian Hargreaves, Shipping Correspondent

THIRTEEN PER CENT of the UK's merchant fleet has now been made idle by the world shipping recession, the most serious situation to confront the industry.

According to the General Council of British Shipping's monthly lay-up figures published today 6.3m deadweight tons of ships were out of service through lack of employment at the end of June. This is the highest figure recorded in Britain and is substantially worse than the previous record of 5.7m in March, 1976.

The UK's position is now much worse than the world average, having deteriorated rapidly in the past few months. According to the council's figures, based on reports from Lloyd's of London Press 57m dwt of ships were laid up throughout the world at the end of June, thus the UK figure represents 9 per cent of the world total.

British owners were laying up ships in locks and estuaries at a remarkably rapid rate during June. Between the end of May and the end of June, six extra dry cargo ships and four extra tankers joined the idle fleet, swelling the total by 1m dwt and the proportion by 2 per cent.

Of the 6.3m dwt out of use at the end of June, 27 ships totalling 2.3m dwt were dry bulk vessels and 27 totalling 4m dwt were oil tankers.

The UK's 13 per cent, however, is still much better than the 30 per cent of Norway and the 35 per cent of Sweden, where the collapse of the tanker market in 1974 produced rapid surpluses.

It has always been thought that the UK, with its predominantly liner trades—ships serving regular routes with a high proportion of long-term contracts—would survive the shipping recession much more comfortably than fleets relying heavily on bulk ships, such as tankers.

It is mainly pressure on UK bulk-ship owners which has swollen the lay-up figures, but because of the much higher average size of such vessels, it has a disproportionate effect on the lay-up statistics.

At end of June, 54 ships serving regular routes from the idle fleet, whereas the total fleet number, almost 2,000 ships.

Nonetheless, there is increasing alarm among UK shipowners about the ravages being caused to their industry by the recession. Apart from forcing owners into costly lay-ups of their ships, there has also been an unprecedented sale of tonnage by owners.

Continued on Back Page

Consumer demand starting to boost industry—CBI

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE FIRST signs that the recent increases in consumer demand are having an impact on the level of activity in manufacturing companies are now being reported by industrialists.

This emerges from the Confederation of British Industry's monthly industrial trends survey which, however, tempers any over-optimism by adding that export order books have deteriorated rapidly recently, probably because of the rise in the value of sterling.

In addition, companies in the intermediate goods sector—those operating midway between the producers of raw materials and finished goods—also have weak order books.

On wages reports from the Confederation's pay data bank show that Phase Three of the Government's pay policy has led to a widespread acceptance of the 10 per cent pay limits, even though Government statistics indicate that total national earnings increase will be about 14.5 per cent.

The new Phase Four 5 per cent limits are now being negotiated by companies.

The overall picture from the monthly industrial trends survey confirms the more detailed findings of the Confederation's main quarterly survey conducted early in July and published three weeks ago.

Industrialists in manufacturing industry were then forecasting only a patchy recovery in activity until the end of the year. Since then, Government statistics have shown that while consumer spending has reached the peak levels achieved in 1974, there has been a much slower increase in industrial production.

Today's Confederation monthly trends report is based on a survey of more than 2,000 companies between August 1-16. It shows that, while total order books remain below normal for nearly 40 per cent of the companies covered, there is some indication of recent improvements in demand.

Companies in the intermediate goods sector, such as metal manufacturing, coal and petroleum products and other component manufacturers, said that they had weak order books.

RHODESIA ALL-PARTY CONFERENCE

BY OUR FOREIGN STAFF

DR. DAVID OWEN, the British Foreign Secretary, said today that he wanted and expected an all-party conference on Rhodesia to take place by early September.

His statement, in a BBC radio interview, came as moves to convene such a conference between the internal Rhodesian Government, including Mr. Ian Smith, and the external Patriotic Front guerrilla forces, gathered in Africa.

Brigadier Joseph Garba, the former Nigerian Foreign Minister, arrived in the Zambian capital of Lusaka, arousing speculation that Nigeria is throwing its weight behind the Western plan.

However, in Salisbury, Mr. Ian Smith, the Prime Minister, further qualified his conditions for attending all-party talks by refusing to consider any demands to dismantle the existing security forces.

Warning

Dr. Owen's statement was the most optimistic yet from a British spokesman. He said he wanted the conference "as soon as it can be".

Although he had wanted it to take place before the end of the month "it may now well go into September, but I hope not too long now. I think it will happen."

Our Salisbury Correspondent writes: Mr. Smith warned that the bi-racial transitional government saw no point in attending talks if guerrilla leaders demanded the Rhodesian's white-led security forces be "completely dismantled".

In a national radio and television broadcast clearly aimed at allaying anxiety among the white minority, Mr. Smith renewed his appeals to whites to wait "just a few more months" before deciding whether they had any future in the country.

But he emphasised that the crucial issue on which the 1976 Geneva Conference collapsed—whether the guerrilla forces must control the country's security forces under black rule—remained as even the major stumbling block from Salisbury's viewpoint.

In Lusaka at the weekend, Mr. Robert Mugabe, joint leader of the Patriotic Front, declared that the guerrilla forces must control the security forces during the interim period before black rule.

Referring to Mr. Mugabe's demand, Mr. Smith said: "One of the people who will be coming to the conference has again reiterated his stand that Rhodesia's security forces should be completely dismantled."

"I think it would be dangerous for us even to attend a conference with people who are going to put forward the kind of demand I can think of few things that would do more harm to us and our future than to House later."

Owen expects meeting in September

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OVERSEAS NEWS

Firebomb attack kills 377 in Iran

BY ANTHONY McDermott

THREE HUNDRED and seventy-seven people died on Saturday night as a result of a concerted firebomb attack against a cinema in the important oil city of Abadan, 600 miles south of here near the Iraqi border.

It was by far the worst incident to have occurred in the series of demonstrations and acts of violence in protest at the Shah and his government which have taken place in the major urban centres over the last nine months.

Mr. Jamsid Amouzegar, the Prime Minister, today described the fire as a "national tragedy" and blamed "saboteurs and nihilists". There were reports of several crowds gathering in several cities to condemn the anti-government violence.

It is now two years since the Shah launched a "liberalisation" campaign, as part of which he announced two weeks ago that free elections would be held next July. However just one week ago, following religiously-

oriented riots in Isfahan, martial law was declared—for the first time in 25 years. The Majlis (Parliament) today approved the imposing of martial law after a stormy debate in which seven members voted against the Government.

The tragedy in Abadan is clearly the greatest challenge yet to the authority of the Shah and his oft-proclaimed determination to press on with elections, short of civil war breaking out. The dilemma now facing the Shah is clear cut. The evening news, which gave graphic eye-witness accounts of the horror, undoubtedly increases the pressure on the Government. On the one hand, if the Shah takes no action (and after riots in Tabriz and Qom he has effectively promised that the perpetrators would be brought to justice) it will be taken as a sign of weakness, both by his loyal subjects and the opposition. However, if he takes stern action (as he did in Isfahan) he may ultimately

and himself forced into suspending his "liberalisation" programme. By doing so he would be fulfilling the prejudices of his opposition who maintain that he was not serious about the experiment in the first place.

Some 700 people bought tickets to the Rex cinema in Abadan which was showing a film in Persian. The attack was carefully organised to block off the exits. The evening paper Ettela'at today estimated that the number of injured might reach 200. The identity of the attackers has been the source of much speculation, ranging from religious conservatives to the Left-wing. For the former, cinemas have been frequent targets of attacks—as symbols of Western decadence. Early this morning two people were reported to have been injured as a result of an attack on a cinema in Shiraz which gutted the building. Two days ago, three people died in an attack on a cinema in Mashhad in north eastern Iran.

In the bout of violence which led to martial law being imposed on Isfahan two indicative trends were discernible and apply elsewhere in Iran. The broadly religious protest reflects the strains of a society developing swiftly and materially under the impact of oil wealth. Second, there were attacks (often hit-and-run raids against a restaurant frequented by Americans and the famous and ostentatious Shah Abbas hotel) behind which could be made out the work of Left-wing groups.

Both the Conservatives and the Left are opposed to the Shah, but the latter has shown itself to be more sophisticated in its attacks. It is reasonable to suppose that the apparently contradictory phrase often used by the Shah to describe the opposition (Islamic-Marxist) reflects the fact that the Left—as could be the case in Abadan—may be using the religious Conservatives as cover for its activities.

TEHRAN, August 20.

Begin warns against U.S. plans

BY OUR OWN CORRESPONDENT

MR. MENAHEM BEGIN, the Israeli Prime Minister, has warned the U.S. against presenting its own proposals for Middle East peace at next month's summit talks to be held at Camp David near Washington.

In an interview with the East Jerusalem Arabic daily al Anba, published today, Mr. Begin said: "I warn against the submission of a plan by the U.S. since it is not a party to the conflict, which should be resolved only by the involved parties."

His warning came as the Israeli Cabinet met for the first of its sessions to discuss the stand to be taken when President Sadat, Mr. Begin and President Jimmy Carter meet at Camp David.

Following the meeting, Mr. Begin told reporters that he would take to Camp David a concrete new idea for establishing a partial but permanent peace agreement. But he declined to disclose any details.

According to a well-informed political commentator appearing on Israeli TV last night, Mr. Begin might agree to return the northern Sinai township of el Ariah to Egypt before a peace agreement is signed.

This concession—demanded by President Sadat as proof of Israeli goodwill—would be in return for Egypt's agreeing to the continued presence of Israeli settlements in the area of Sinai adjacent to the Suez Canal, and the passage of Israeli ships through the Suez Canal.

JERUSALEM, August 20.

Ceausescu plays down Hua visit

By Paul Lendvai

BUCHAREST, August 20.

VEILED Soviet attacks on Chairman Hua Kuo-feng of China's visit to Romania were described during the week-end by a high Romanian official as "reasonable and unjustified."

Commenting on the latest Tass dispatch accusing Chairman Hua of provocative "anti-Soviet" statements in his toast at a banquet earlier this week, the Romanian official told the Financial Times that the Chinese statement was regarded by the hosts as "moderate."

There has been as yet no official Romanian or Chinese reaction here to the series of direct or indirect criticism in the Soviet Press. However, President Ceausescu went out of his way to soft pedal the visit. Thus he failed to accompany Chairman Hua—who leaves tomorrow—on his travels in the country-side and the Black Sea coast.

Instead yesterday he visited, together with the entire party leadership, an exhibition of consumer goods in the capital, which incidentally had already been opened weeks ago. The State-controlled Press today gave more prominence to the visit to the exhibition than to the tour of the Chinese delegations.

The fact that Chairman Hua and his Romanian host have not seen each other for 48 hours, and that the Romanian side pushed through on Friday a Press release marking the end of "official talks," may be a belated gesture to placate the USSR.

The Chinese visited the Constanta shipyard and seaside hotels yesterday, and a collective farm this morning before returning to the capital. Tonight Chairman Hua gives a banquet at the Chinese embassy in honour of his Romanian hosts.

The two leaders will sign a number of agreements about co-operation in trade, shipping, tourism, technology and science, before Chairman Hua departs for Yugoslavia, the second country he visits on his historic journey to Europe.

Alexander Lebl adds from Belgrade: The Yugoslav Government awaits the arrival of Chairman Hua tomorrow with a mixture of satisfaction and slight unease. The satisfaction comes from the visit being proof of the very substantial progress achieved in the normalisation of relations between Yugoslavia and the Soviet Union, which gained momentum after President Tito's trip to China a year ago. The Yugoslavs also see the visit as another proof of the independent and autonomous position in world affairs.

The unease is caused by the possibility of the visit being seen as Yugoslavia taking sides in the Sino-Soviet conflict.

Therefore all Yugoslav officials and commentators have been stressing that developing relations with China do not mean deteriorating relations with other countries—that is, the Soviet Union and vice-versa.

The Yugoslavs have been aware that Moscow has been displeased by the developing friendship and growing links between Yugoslavia and China in various fields, to say nothing of Chairman Hua's visit.

Nothing will be done to deliberately irritate the USSR and it is not expected that toasts and speeches during Chairman Hua's visit will directly refer to the USSR.

But at the same time there has been firmness in asserting Yugoslavia's right to host whoever it chose.

Chairman Hua's visit is expected to contribute towards closer Sino-Yugoslav co-operation in several fields, prominent among them the economic. Although bilateral trade is still low it has been rapidly growing and flows each way could be worth \$180m this year, as against \$7.5m in 1971.

Yugoslavia could supply ships and various items of machinery and equipment. Yugoslavians purchase in China, which can offer a limited amount and mix of goods, are rather more problematic.

Oil tanker market boom eases

By Ian Hargreaves, Shipping Correspondent

THE MINIBOOM in oil tanker markets, which has lifted loading rates for very large crude carriers in the Gulf by ten points inside a month, steadied itself last week.

Most owners resisted the temptation to re-activate laid-up tonnage and with an acute shortage of tankers for immediate loading in the Gulf, relatively few fixtures were reported.

According to E. A. Gibson, the London broker, only 2m deadweight tons of tankers have been taken out of lay-up since freight rates improved and those owners who have re-activated ships have demanded and usually received the security of two or three consecutive voyages' employment.

Lambert Brothers reports that some tankers owned by the oil companies have been speeded up to compensate for the shortage of tonnage and to weaken the independent owners' bargaining position in the Gulf. It is too early to say how extensive this practice has become.

Better freights for oil tankers have not had much impact on the second-hand values of these vessels so far, but the bulk carrier sale and purchase remains lively, with China continuing to add to its fleet through its Hong Kong agency, Ocean Tramping. According to a survey by H. P. Drewry, China has added 100,000 tons of bulk carriers to its fleet this year, much the heaviest buying spree so far.

P & O and Ocean Transport and Trading were also in the sale and purchase market, last week disposing of three mid-1960s liners for a total of \$3.9m and Ocean is rumoured to have sold two sophisticated "P" class liners for about \$4m.

Russian and Chinese demands for grain movement are underpinning the bulk carrier market, to some extent, although period charter rates for Panamax type ships continue to be low, there is at least a reasonable volume of business.

Krebs factory for USSR

PARIS, August 20.

Krebs, the French petrochemical engineering concern, has won a French contract to build an industrial factory in the city of Sumgait in Soviet Azerbaijan. Krebs fought off West German competition to win the contract which has been under negotiation for more than two years. It will be 80 per cent financed under the existing 1974 Franco-Soviet export credit agreement, which has not been fully taken up. The process for the insecticide, lindane, was developed by Rhone-Poulenc.

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Japan urged to increase imports target to \$15bn

BY ROBERT WOOD

TOKYO, August 20.

ONE OF Japan's top business leaders has urged expansion of Japan's target for "emergency imports" to \$15bn—the highest figure yet mentioned.

The suggestion came from Mr. Toshio Doko, president of the Keidanren, Japan's most important business group. Mr. Doko made the proposal in a meeting with Minister of International Trade and Industry, Mr. Toshio Komoto.

He also called for a ¥3,000m supplementary budget, a new set of tax incentives for investments, and a cut in long-term interest rates.

Mr. Komoto has said that he and the Economic Planning Agency director, Mr. Kiichi Miyazawa, had agreed to try to increase the amount of emergency imports from the already approved target of \$4bn to \$12.5bn. Officials of other Ministries later said that Mr. Komoto's target was completely inconceivable.

A Keidanren official said Mr. Doko's target, which is given "ad-

ministrative guidance" and such incentives as loans at less than market rates.

Mr. Doko also requested new industrial policies for the shipbuilding, non-ferrous metals, and synthetic petrochemical industries. Specifically, he called for new orders of ships for the maritime safety agency and establishment of a co-operative importing agency for naphtha, the basic raw material of the Japanese petrochemical industry.

Foreign currency loans for emergency imports are granted at favourable interest rates under a system that went into effect last October. The July loans of \$90.9m bring the total of such loans so far to \$173m.

Many of these "imports" will never actually enter Japan, but they will reduce Japan's trade surplus by appearing as imports in Japan's trade statistics. Emergency imports are carried out mainly through the private sector, which is given "ad-

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Kloeckner to build alumina plant

BY GUY HAWTHIN

FRANKFURT, August 20.

KLOECKNER is to construct a large alumina plant, together with the necessary infrastructure, financed partly by German Government assistance. Work is expected to begin in the middle of 1979 and the project is due to be completed in mid-1983.

Technology for the project will come from Kloeckner Industries, a subsidiary of Kloeckner and Company. The new plant will produce some 600,000 tonnes of coarse alumina per year, which will be delivered to the Japanese refinery on North Sumatra by bulk carrier. Up to now most of the refinery's coarse alumina has come from Australia.

Kloeckner and Company will be leading a consortium which will undertake the project. The consortium is the Aluminium Corporation of America, with whom it has been working on feasibility studies for the plant.

It is understood that Kloeckner won the tender against competition which included Kaiser Aluminum. The Kaiser bid, however, was rejected, it seems, because its process produces a raw material which varies in specification from that required by the Japanese.

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LABOUR NEWS

Union to fight steel worker-director move

BY ALAN PIKE, LABOUR CORRESPONDENT

A UNION is to seek a High Court injunction restraining the British Steel Corporation from implementing industrial democracy proposals announced this month.

Solicitors representing the non-TUC-affiliated Steel Industry Management Association have served a writ on BSC after Mr. Eric Varley, Industry Secretary, said that six trade unionists were to be appointed to the corporation's main board. SIMA is not among the unions represented.

The association will seek a High Court declaration that under the Iron and Steel Act is an appropriate organisation for consultation on the establishment and maintenance of industrial democracy and a nationally recognised union entitled to all rights of participation in the scheme which BSC intends to set up.

The court will be asked to grant an injunction restraining BSC from introducing the machinery, known as the Steel Contract, "until such time as BSC has fulfilled their duties to consult fully with SIMA and admit SIMA to full participation in the Steel Contract."

Mr. Robert Muir, general secretary, said that industrial democracy and the Steel Contract with SIMA on September 7, but had refused to give an undertaking that its implementation would be held in abeyance.

The six worker-directors whose appointments were announced earlier this month come from the Iron and Steel Trades Confederation, the National Union of Blastfurnacemen, the Transport and General Workers, General and Municipal Workers, and Amalgamated Union of Engineering Workers foundry section.

All these unions are members of the TUC Steel Committee. SIMA has held amalgamation discussions with ISTC, the industry's biggest union but these have proved unsuccessful so far and it has now applied to join the TUC in its own right.

Mr. Muir said that the association will seek a High Court declaration that under the Iron and Steel Act is an appropriate organisation for consultation on the establishment and maintenance of industrial democracy and a nationally recognised union entitled to all rights of participation in the scheme which BSC intends to set up.

It says that in a reply turned down by BSC, the union admitted that the number of Schedule 11 claims had been higher than foreseen.

He attributed this to the effects of a tight pay policy. He thought an inquiry would be bound to examine how the Central Arbitration Committee had interpreted the Schedule and it would be inappropriate to review the way in which an independent body carried out its statutory duties.

Mr. Booth has suggested discussion between the Government, CBI and TUC, but the CBI has decided that there would be "no advantage" in holding talks with the unions on the subject. It says that it will instead continue to keep the operation of the Schedule under review.

CBI leaders have told Mr. Booth that Schedule 11 is damaging collective bargaining and disrupting wage structures. They feel that many groups of workers not covered by national agreements are now able to demand to be brought up to the district average and to obtain by legislation what they would be unable to achieve through negotiation.

"A number of awards have been made in respect of isolated groups of workers which have upset carefully graded wage structures, in some cases leading to a loss of incentive."

The CBI has long been concerned that the Schedule 11 provisions, rather than simply providing a mechanism for resolving a limited number of low pay problems, would lead to far more widespread claims. It says that monitoring of claims has shown that its fears are "fully justified."

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APPOINTMENTS

Senior change at Bernard Wardle

Mr. J. E. Andrew has been appointed managing director of Bernard Wardle (EVER-FLEX) from August 31 in succession to Mr. A. E. Roberts, who will be leaving the company on that date to take up another appointment in industry.

Professor W. D. Briggs, head of the Department of Construction Management at Reading University for the last five years, has been appointed Dean of the Faculty of Urban and Regional Studies for three years in succession to Professor Peter Hall.

Mr. Brian Neale, group deputy chief accountant of Carless Capel and Leonard, has been appointed a director of CARLESS EXPLORATION.

Mr. M. W. Edwards has been made Witton employee relations manager (works) for IMI, responsible for co-ordination of personnel activities on its Witton, Birmingham, site. Mr. Edwards was previously personnel manager at Marston Excelsior, Wolverhampton, another IMI company.

Mr. Samuel S. Marshall, III, vice-president of Union Commerce Bank (Cleveland), London, has been appointed president of SOUTHERN OHIO BANK, a subsidiary of Union Commerce Corporation.

Mr. N. H. Elliston has been appointed chairman of the ALUMINIUM STOCKHOLDERS ASSOCIATION. Mr. A. W. Killeen has become vice-chairman. Mr.

Mr. Donald Saltmarsh has joined DEWRANCE AND CO. as production director.

Mr. R. J. Burge has been appointed a director of the aviation division of ANTONY GIBBS SAGE. Mr. Burge was previously in Lloyd's aviation department as senior surveyor and adjuster.

Mr. Nigel Toft has been appointed secretary to TOLLY AND HARVEY. Mr. Toft, who was recently with Colt International as a group accountant, will be responsible for all accounting functions of the group.

Mr. Norman Cork has resigned from the Board of ADDA INTERNATIONAL.

Mr. Peter C. Becker, who has been appointed managing director of SIRYCON, was previously with Foster Wheeler, where he spent about 20 years directing, managing and designing a number of large petrochemical plant construction projects. Mr. John M. Calder is made a non-executive director. He rejoins the company after four years as an independent consultant on ammonia plant. Prior to this he was Sirycon's managing director (1967-73) and director of sales on a contract basis for the company was the UK operation of the Chemical Construction Company (Chemico) of America.

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International Standard Electric Corporation

9% Sinking Fund Debentures, due October 1, 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of October 1, 1977 between International Standard Electric Corporation and the Trust Company of New York, Inc., as Trustee, the principal amount of the above issue will be redeemed through the operation of the Sinking Fund and Optional Sinking Fund on October 1, 1978 at 100% of the principal amount thereof (the "redemption price"), less any interest accrued to the date of redemption.

The coupon debentures to be redeemed bear the following numbers:

\$1,000 Coupon Debentures Bearing the Prefix Letter M

42-000									
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Building and Civil Engineering

Henry Boot wins £7.7m contracts

TWO CONTRACTS worth over £7.7m have been awarded to Henry Boot Construction. The biggest is worth over £6m and has been awarded by the Property Services Agency for the construction of additional automotive testing laboratories at the Military Vehicle Engineering Establishment in Surrey. The new laboratories will include a 2,330 sq metre vehicle testing chamber, a 1,556 sq metre climatic and altitude testing chamber and a 1,150 sq metre general plant building. These buildings are to be steel-framed with ribbed finish in situ concrete walls to about 5 metres and steel cladding above. The other contract, worth £1.7m, is for the construction of a multi-storey office block in Malinslee, Telford, for the Development Corporation. The block will be Y-shaped on plan and one ten-storey wing is to be brick clad and the two remaining wings of seven and five storeys, will be curtain walled. Short bored piled foundations will carry a slipformed reinforced concrete central core and the structural frame will be constructed using the British Lift Slab system.

Sambron expands in UK

WHEN French materials handling equipment manufacturer Sambron first decided in 1971 to establish itself in the UK market, it could not have foreseen the rate at which its new "baby" would grow. Because the English subsidiary, which originally started in the front room of a private house, looks set within the next two years to secure more domestic sales than its French master across the Channel.

Turnover in its first year was around £230,000 but with a 100 per cent annual growth rate being regularly achieved in the early stages—it is now down to a more modest 40 per cent—months will be between £7m and £8m. The UK company, still being run by Mr. Keith Hancock, the man who started it off, initially concentrated on the sale of rough terrain materials handlers to building contractors and, more recently, to farmers.

When Sambron started in Britain, the market for rough terrain equipment was wide open and the company backed its sales efforts with a comprehensive campaign to persuade customers to treat seriously the concept of efficient materials handling. Now, Sambron says, most customers are much more sophisticated in their approach to the subject, but the market

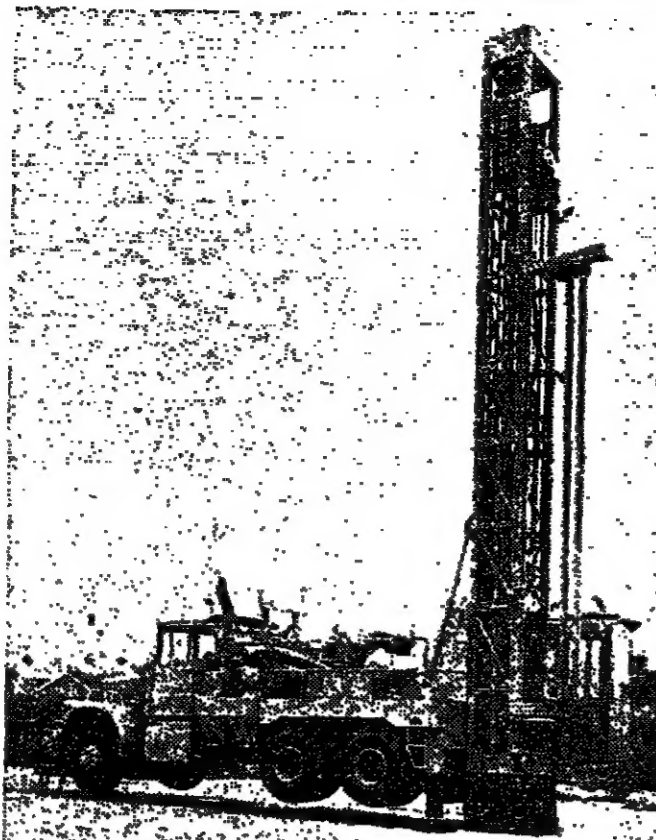
for its product has at the same time become very competitive, with big international names like Deere Case and Massey Ferguson all vying for a share of the annual £20m sales.

Sambron imports from France and adds British bits and pieces, such as engines and gearboxes, as it tailors equipment to suit UK requirements. It regards itself as a pioneer in the rough terrain machinery field and believes it will be even further ahead of the field with the introduction of a new, multi-purpose handling machine which allows the driver to change a range of attachments from the cab.

Another gap is due to be filled in November when Sambron begins to sell a French-produced dumper, with a Perkins engine, to Britain. Sambron, France, is the largest dumper manufacturer in Europe and while the UK market is tough and very price-conscious, hopes for good sales are high.

In the meantime, the UK company is busy looking for its own exports. It has appointed a distributor in Australia and is now establishing a dealership network in Scandinavia. How long before Sambron of High Wycombe has the lion's share of the Pontoon-based group's total £25m turnover is a matter for conjecture.

MICHAEL CASSELL



The Dando 650 lorry-mounted blast hole drilling rig in its operating position.

Big mobile drilling rig ready for action

ONE OF the largest mobile blast hole drilling rigs manufactured in the UK, the Dando 650, has just been delivered to the British Steel Corporation at Corby. Northants, by Duke and Ockendon of Littlehampton, Sussex, a member of the Mowlem Group.

The equipment is part of a £300,000 order from BSC's Tubes Division, for drilling equipment for use at the Corporation's open-cast iron ore mine at Corby.

A second Dando 650, nearing completion, will be taken to Corby in the autumn. The other equipment comprises eight smaller track-mounted Dando 220 drilling units, which have been delivered already.

The Dando 650 is designed for mounting on a British Leyland Scammell Superconductor lorry with a 300 hp Rolls-Royce diesel engine.

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Variety of jobs for John Laing

A SCHEME to create a new unit for the mentally handicapped for south-east London at Lewisham's Grove Park Hospital is to enter its second stage soon under a contract worth more than £880,000 to upgrade four blocks at the front of the hospital.

The contract has been awarded to Laing by the South East Thames Regional Health Authority which plans to modernise the former chest hospital and extend it by building on an adjacent site over the next five years.

Architects for the scheme are Macintosh Haines and Kennedy. In Leicester, Laing has won a £500,000 contract for the construction of offices for the General Accident Fire and Life Assurance Corporation.

The new offices at Granville Road will replace an existing office nearby and will be a four-storey block of open plan design giving a total floor area of about 2,400 sq yds. The building will be in the New Walk conservation area of the city.

Architects and structural engineers for this scheme are Badfield Cawwell Davidson and Partners. In Northampton, Laing has started work on a single-storey factory of about 36,700 sq ft for Trico-Folberth under a contract worth about £415,000 awarded by Northampton Development Corporation.

As part of a clean-up scheme for the River Tame in the West Midlands excavation of a settlement lake is to be started soon by Laing's Engineering Division under a £1.8m contract.

The contract has been awarded by the Severn-Trent Authority which is planning a series of on-channel lakes outside Birmingham as part of the River Tame purification scheme.

Laing is excavating the first lake, which will cover 62 acres on the site for the former gravel pits at Lea Marston, Sutton Coldfield. A new concrete inlet channel, outlet weirs and two road bridges will also be constructed.

The lakes will allow the solids carried in the river to settle, while the cleaned water passes downstream. Work on the first lake is expected to take two years. Consulting engineers for the project are Binnie and Partners. Another job for Laing's Engineering Division is at Goldings Road, Lings, Northampton, where it is to start work soon on a covered 5m gallon reservoir under a contract worth about £718,000 awarded by the Anglian Water Authority.

Also in Northampton, at Stone Circle Road, Round Spinney, Laing has started work on a single-storey factory of about 36,700 sq ft for Trico-Folberth under a contract worth about £415,000 awarded by Northampton Development Corporation.

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The lakes will allow the solids carried in the river to settle, while the cleaned water passes downstream. Work on the first lake is expected to take two years.

Consulting engineers for the project are Binnie and Partners. Another job for Laing's Engineering Division is at Goldings Road, Lings, Northampton, where it is to start work soon on a covered 5m gallon reservoir under a contract worth about £718,000 awarded by the Anglian Water Authority.

Also in Northampton, at Stone Circle Road, Round Spinney, Laing has started work on a single-storey factory of about 36,700 sq ft for Trico-Folberth under a contract worth about £415,000 awarded by Northampton Development Corporation.

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Designed for light industries

TWO LIGHT industrial and three warehouse units are to be constructed at Swanscombe, Kent by Maycrelle for the Reliance Property Fund (Reliance Mutual Insurance Society).

The units will occupy about 25,000 sq ft on a site which has direct frontage on to both Swanscombe High Street and the A226 London Road. Value of the contract is £330,000.

Homes above the shops

COMPLETION OF a new shopping scheme and housing development in the Heathway area of Dagenham, Essex, is expected in 1980.

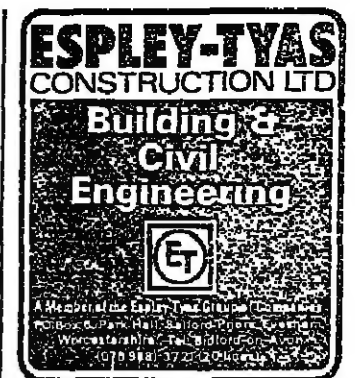
Scott Brownrigg and Turner have been commissioned by the Norwich Union Insurance Group and the London Borough of Barking as architects for the project which will include a covered shopping mall. Above the development will be maisonettes and flats.

Refurbishment of a 7-storey building in Great Winchester Street, London, EC2, has just been completed. This cost £600,000 and was also the result of design work by Scott, Brownrigg and Turner.

Factories in Bootle

THE ENGLISH Industrial Estates Corporation has announced that work is soon to start on two advance factories for the Department of Industry in Bransgrove Road, Bootle, Merseyside. Each factory offers about 14,000 sq ft and is capable of division into four individual units.

A contract for the work worth about £336,000 has been awarded



to R. Costain and Sons. Architects are the Gilling Dod Partnership. Work is expected to start at the end of August and the factories ready for occupation by next March.

£3m office block

WORK IS expected to start this year on a £3m office block for Sperry Gyroscope at Bracknell, Berkshire.

The block will provide 60,000 square feet of office space and will be designed to conserve energy; it will be fully air-conditioned and have double glazing. Architects are Michael Twigg Brown and Partners.

Behaviour of concrete in hot weather

A NEW Cement and Concrete Association Advisory Note, "Concrete in Hot Weather," by D. E. Shirley, has been published. This is a revision of the booklet formerly called "Hot Weather Concreting," and incorporates the findings of more recent research and experience.

Although written primarily from the point of view of operations in the UK the note describes general principles applicable wherever concrete has to be placed in conditions which render it likely to lose moisture prematurely.

Copies at 65p are available from Publications Sales Unit, Cement and Concrete Association, Westham Springs, Slough, SL3 6PL. The reference number 45.013 should be quoted.

Miller to build warehouse

MILLER CONSTRUCTION is to build a £1.4m warehouse at Bailey Hall Road, Halifax, for Rowntree Mackintosh. It is scheduled for completion by June 1979.

The warehouse will be of two storeys linked at both levels to an existing building and the contract includes all associated drainage.

Architects are Chas. L. Horsfall, Son and Partners.

Offices and factories

TWO OFFICE blocks and five advance factories are involved in new contracts for Jarvis worth £1.1m.

At Chelmsford, Essex, the facade of the Chelmsford Institute will be retained to face a new three-storey and basement office building which will be constructed together with a separate new three-storey office block at the rear of the site, for Samuel Properties. The designs are by Lindy Austin and Partners.

On the Pallion (West) Industrial Estate, Sunderland, Tyne and Wear, Jarvis is building a terrace of three advance factories and a single factory. In Manchester the company is constructing an advance factory on the Department of Industry's site in Denton, Greater Manchester. These contracts are from the English Industrial Estates Corporation.

IN BRIEF

● Lesser Building Systems (Export) has won a £1m contract from Costain International to supply 6,500 square metres of accommodation for management personnel working on a project in Iran. The accommodation includes 17 three bedroom bungalows, 29 two bedroom bungalows and five senior and junior staff blocks.

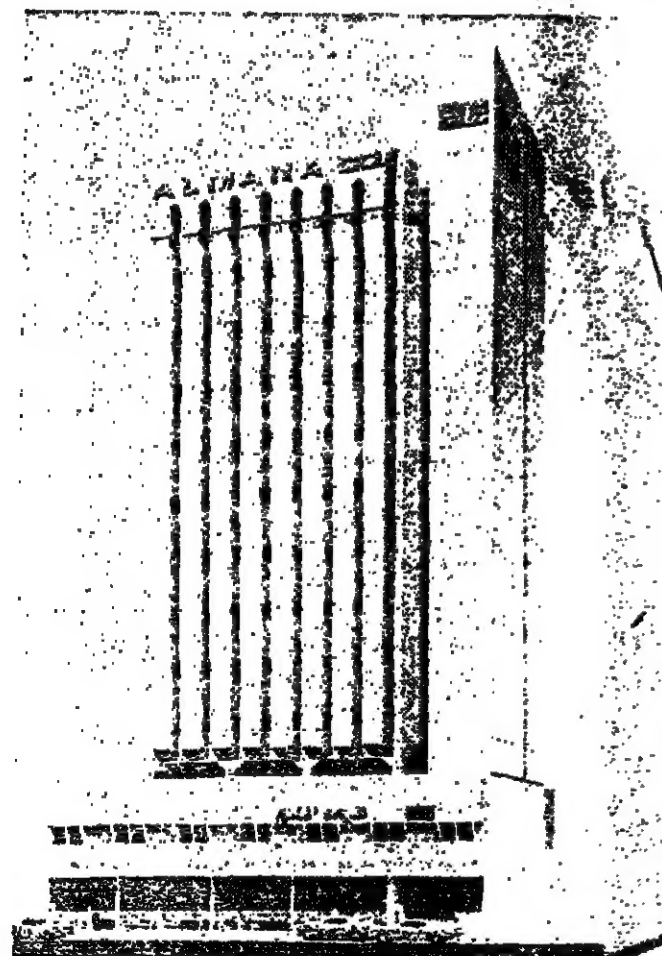
● Carrier-Ross Engineering has been engaged by Wiggins Teape Pulp and Paper Mill, Fort William, Scotland, to improve the environment in the pulp mill's electrical switch rooms and control rooms. The £83,500 contract will be carried out during the annual plant shut-down at the end of September.

● D. T. Bullock and Co. has won a £330,000 contract for improvement of 48 homes on the Eastbourne Estate, Stockton on Tees for the Stockton Borough Council.

● New safety facilities will be introduced at the Stamford Bridge football ground under a £217,000 contract awarded by Chelsea Football Club to Bovis Construction. It represents the first phase of a programme which will cost about £600,000 to complete.

● Haden Youngs has won a £3m mechanical and electrical services contract for Barne Brothers new Bishopsgate, London, offices.

● J. Cartwright Construction has begun work on a production and office complex for Gesta Fasteners at Dalton Lane, Keighley. Value of the contract is £290,000.



Model of a £5m development in Qatar to be known as the Almana Tower. Located on the road between Doha and the airport, the building will include 12 storeys of offices, a penthouse and three levels of car parking space. White, Young and Partners are the consulting engineers and project managers. Architects are Arabian Design Associates of Qatar, together with Hughes and Polkinghorne of Bury St. Edmunds, Suffolk. The main contract is being carried out by Midmac Contracting Company. About 600 tons of steelwork is being supplied by W. H. Smith and Co. of Whitechurch, Salop.

New homes and factory extension

FOUR contracts worth a total of more than £2m have been won by FPA Finnegan.

The largest is worth over £1.1m and, awarded by Barnsley Metropolitan District Council, is for the construction of 88 dwellings at the local authority's New England Redevelopment at Worsbrough Bridge. Another contract is for the building of 26 houses and 36 bungalows for Sheffield City Council at Gloucester Street. This is worth £562,300.

Two other awards are for a £211,000 extension to the Gerhard Mueller factory at Claydon, this at Westbourne Road, Sheffield, for Sheffield University worth nearly £186,000.

£2m worth for Norwest Holst

JUST OVER £2 worth of contracts have been added to the order book of Norwest Holst, Northern.

Under the largest award, worth £1.76m, the company is to build 20 advance factories at King Edward Street, Liverpool. Architects and consulting engineers

Private and public work

WORK in the private and public industrial sector, valued at £1.25m, has gone to Burnett and Hallamshire, Sheffield.

The erection and completion of a factory building at the Cricket Inn Road development in the City of Sheffield is worth £456,000. For Hallamshire Industrial Estates, the company will construct three factory units at a cost of £323,000. A research building, costing £297,000, will be built for the DOE (Property Services Agency).

Also for the DOE, is a single-storey office extension, at £102,000, at Crown Buildings, Alfreton. Final contract is for the completion of a steel-framed factory, together with a cable office block, valued at £105,000. For Street Crane Company at Chapel-en-le-Frith.

Dr. Johnson was nibbling at the Cheshire Cheese when Trollope and Colls first tasted success.

Trollope & Colls
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1778-1978

The Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

Why your first date with a computer can be so blind

By Simon Rubin

WELL IT'S pretty easy, isn't it? All we have to do is call in a few of those computer companies, choose one and there we are! That seems to be the well-thought-out plan laid by the most courted computer consumer, the first-time user!

For how many of these companies does their first computer burn their fingers? The number is substantial and still growing.

Why do they have such a bad time?

To begin with, the fault lies with them. A manufacturing company going out to buy a new machine tool for its production line will put its production manager/director on to the job. He is usually a person with an in-depth understanding of both his own business requirements, and of the technical data supplied by the vendors competing for his favour. He will take a good deal of time comparing the various bids with reference to technical capabilities, back-up and maintenance support, and price/performance.

He will also, of course, look at the product in use on other comparable sites. He may even ask to try out his job on the machines being offered. It is his contention that, in most cases, the buyer is not sold his final choice but, rather, he buys it. The distinction may be a fine one, and perhaps contentious for the majority of successful salesmen.

The typical first-time computer buyer does not usually go through this exhaustive process, mainly because he does not have the expertise to do so.

He is typically the senior administrator/financial man of the company and his knowledge of computing is often virtually nil.

How does he make his selection? In most cases, he would be unable to tell you. He has been sold a computer system and in no sense has he bought it! But this purchase is frequently the largest one made by his company in its entire history. They wouldn't buy even a motor-car in such a casual way.

One would have thought that the young breed of computer buyers, especially those who are professionally qualified accountants, would have some training in computers. Often they have. They have been taught how to draw a flow chart, using the correct template symbols. They know about pre-sorting punched cards and about that wondrous new invention—the disc! They can often define a number of

well-chosen computer buzz phrases. Their education, in short, is sadly lacking. It certainly does not enable them to make a reasoned selection for their company.

Many buyers convince themselves that they can make their selection ignoring the technological claims of the competing suppliers. "I don't know anything about art, but I know what I like," is their axiom. Some vendors back them to the

will be decisive. Tell the suppliers that whoever wins the test wins the order. They will usually take up this sort of challenge with gusto and the buyer can be more or less certain that the winner has done more than just do better in the test—he has made a substantial effort and commitment to win the buyer's business, and this may well be indicative of his attitude after taking the order. Lack of technical expertise is

offer hardware and application programs in the form of a package. This will either be a generalised package (e.g. ledgers and payroll) or a specific type of business package. Turnkey systems: the supplier, in this case, will usually be a software house or systems house. It will buy the equipment from the hardware manufacturer and add either custom written or packaged software.

glib computer salesmen who use this simplistic patter to get their business.

The final aspect where the user is often at fault is also during this implementation phase. Few computers are installed without problems. Most of them are soluble, but despite the user's valiant efforts and those we hope, of the supplier, a problem sometimes arises that no one can solve. The computer works too slowly; the system does not work easily; maintenance is not effective; and so on.

The user must not become the loser. In most cases, the user shouts loudly at first and then shrugs his shoulders in despair. This is what many suppliers rely upon. The user has as many rights buying a computer system as he has buying any other product. Use these rights first as a threat, then as a weapon. No supplier can afford too many bad notices as he sells almost exclusively by reference to his happy and satisfied users.

The computer industry must have a vested interest in minimising the number of losers around. The simplest way of ensuring this is by educating the potential user, making sure that he understands what he is buying and what questions to ask vendors.

The second thing the supplier can do is not to undersell. If the system should cost £30,000, the supplier should not be misled into believing that by obtaining the order for less he has helped anyone. In the end, the user will probably suffer because the supplier runs out of money on the product or, to give himself a marketing advantage, he has "under-confirmed" (included too little processing or memory power in his bid). This does not of course preclude a sound business reason for the supplier to discount his price, but not to the detriment of either party.

The conclusion, therefore, is simple. Too many buyers and sellers in the first time computer users' market place are acting in a naive way. For the buyers, the answer is to learn more about what they are buying, or take professional advice. For the sellers, the answer is to be less simplistic and glib about the products they are selling. If the buyers do their job properly, the sellers will have no choice in the matter, and fewer losers will be forthcoming.

Simon Rubin is a computer consultant.

6 First time computer buyers need to learn more about what they are purchasing, or take professional advice, while computer salesmen need to be less simplistic and glib about what they are selling

hilt in this methodology, telling them that it is simply not relevant to delve into technicalities and that, from this viewpoint, all computers on the market are pretty similar.

From a hardware stance this is more or less true, but one haggard of the first-time buyer, the operating system, is brought to the fore, the differences between products are legion.

Any sophisticated purchaser will lay more emphasis on this than almost any other element, because the differing facilities are directly relevant to

—the manning of the system and its ease of use

—the costs of applications systems

—the expandability of the computer (many systems offer a large number of potential peripherals and terminals, but the way their operating system works limits this option).

—the upgradability of the system

The unsophisticated purchaser is not able to assess these differences, but he ignores them at his peril.

The potential purchaser will have put before him a vast number of claims for the power etc. of the systems being proposed. By merely noting these and even comparing them on paper, he may learn little or nothing. What he must do, if in any doubt about which system to choose, is to make the short-listed suppliers prove their claims.

But do not suppose this part of test is welcomed by suppliers. The buyer must therefore have designed a test which

not the only problem. Few first time users set out their non-technical criteria, and even some of those with a little knowledge of computers ignore the obvious.

This latter group is well portrayed by a first-time user, about to commit his company to £350,000 worth of computer equipment, who spent so much time asking about response time at terminals that he ignored very major issues, such as proven expertise by the suppliers, and visited only two installations to see the short-listed computers.

Some of the elements that should be evaluated are

—the service and support reputation of the supplier,

—the financial viability of the supplier,

—the supplier's second user policy (you might in time want to sell your computer to someone else. Finance companies will allow a residual value on few computers because of the attitude taken to maintaining second-hand equipment by suppliers),

—the proven stability of the manufacturer's software.

Added to this must be an evaluation of the supplier's approach to the actual computerisation of the buyer's job. With many companies there will be two separate contracts, one with the manufacturer for equipment only and one with a third party for software. Few hardware suppliers are willing to take prime contractual responsibility for custom-written software. There are two main alternatives to this.

Packages: the supplier will

The buyer thus has only one supplier.

The package approach has many advantages but, unfortunately, many companies ignore, until it is too late, the restrictions that a package must have because of its generalised nature. They use the package as an excuse not to define their own requirements.

The turnkey solution looks very attractive. The only caveat is the supposedly unbiased approach to hardware selection that many turnkey suppliers claim. The truth is often that they have a vested interest in recommending one particular equipment. This is because many turnkey companies act as selling agents for specific manufacturers. As long as the turnkey supplier states his position honestly and clearly, this fear can be minimised. But buyers must take the trouble to check.

The last but most important consideration for the buyer is "Do I really need a computer and can I justify the cost?" The simple answer is, if you can't afford the right system, don't buy one until you can. Take into account extended payment methods, do a discounted cash flow, but if the answer is still "no," believe it.

Once the magic box is chosen and has either arrived or is on its way, many buyers take this as the time to relax. Their effort is over and it is up to the supplier to make it work.

He has often said that his system is simple to install and use. Now the buyer sits back and lets him prove it.

A strong reproach must be made here to the hundreds of

EXECUTIVE HEALTH

BY DR. DAVID CARRICK

The perils of hanging your sausages on the clothes line



I WONDER how many people have been avoiding tinned salmon like the plague because of its implication in the recent tragic outbreak of botulism. And I wonder also whether these same people have enjoyed their breakfast sausages with undiminished fervour. For not so many people realise that the name for this rare and terrible disease is derived from the Latin *botulus*, meaning sausage. Indeed, so closely was the unfortunate sausage associated with botulism, that one Mrs. Borgia allegedly hung sausages from her clothes-line and, as they decayed and putrefied, would catch the noxious fluid falling from them in bottles and stockpile them for one of her somewhat bizarre poison parties.

Deadly

Botulism is extremely rare—hence the wide publicity a few cases received. It is caused by one of a number of types of *Clostridium botulinum* which, when given ideal conditions, i.e. putrefaction and the total absence of oxygen, multiplies and produces a remarkably deadly poison. Should this toxin be ingested by man, there may be dire results. Within 10 to 36 hours, the patient suffers from severe headache followed by prostration and paralysis of muscles, particularly those involving the eyes, the jaw and throat, and those involved with respiration. In a high proportion of cases, unless anaesthetics are administered quickly, the malady has a fatal outcome, as in this sad case.

Hygienic measures employed in the commercial canning of fish, poultry and animal meat are so rigid that such sources are extremely uncommon. Home-bottling or canning, where the necessary temperatures cannot be attained, are far more common culture

media for the anaerobic saprophyte to luxuriate and breed. Eskimos sometimes become victims of this fell complaint, not because they bottle food but because they seem to prefer the richer flavour of seal-meat weeks or months old and do not dislike the stink which usually accompanies putrefaction, particularly where anaerobic microbes are dwelling.

Setting aside the nine-day wonder, there are many more organisms which, if eaten by man, cause moderate to severe illness. It has been estimated that not less than 85 per cent of food-poisoning in Britain can be attributed to organisms belonging to the *Salmonella* group. These organisms live normally in many animals and may invade man from a variety of sources. Commonest is improperly cooked meats (particularly when in processed forms); then, secondly, where properly cooked meats, etc., are exposed to rodent-droppings. Subsequent reheating may well please the organisms. Yet another not uncommon source is duck eggs. It is claimed that the latter will be rendered harmless if boiled for 15 minutes, but the result can hardly be as tempting as a four-minute hen's egg. And there are other sources because *Salmonella* is so common. Nonetheless, proper hygiene will eliminate the risk.

When cases do occur, they are frequently multiple simply because, if an entire party of people has pieces of, say, contaminated ham and egg pie, then a majority will suffer. The incubation period is from 12 to 36 hours. Then the sufferer is seized with severe abdominal pain, vomiting and diarrhoea, accompanied by fever. A great and, were such a thing possible, majority recover, and fatalities are usually confined to the very

old and weak who cannot stand the dehydration resulting from the malady.

Probably the second most common form of food-poisoning is that caused by the toxin of *staphylococcus aureus*, the commonest pathogen in boils. Nobody handling food for others or even himself should ignore such a skin lesion as the result may be most unpleasant. The incubation here is very short—only one to six hours—after which the patient suffers a sudden onset of nausea, vomiting, abdominal pain and considerable prostration. One clue as to the cause is that patients are not febrile; indeed, a sub-normal temperature is more common.

Following these two common causes of food-poisoning come an innumerable and motley crew of trouble-makers including poisonous fungi, shell-fish or watercress contaminated by sewage. But if one really becomes obsessed with the subject, one is filled with amazement how very rarely we suffer from any of these injurious poisons considering the great array of hazards surrounding us.

Poisonous

Naturally, some of them can kill; but I have a notion that, in darker days, when bacteria were unheard of, more unhappy folk were killed less directly. Important personages in medieval times were in constant fear of poisoning by friends or enemies. And one wonders just how many innocent guests at a party, where staphylococcal soup was served, were accused and executed, leaving the responsible microbes healthier than ever; and, were such a thing possible, microscopically much amused.

This announcement appears as a matter of record only

July, 1978

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LOMBARD

Monetary policy: More people expect pay increases of over 5%

BY SAMUEL BRITTON

UNBELIEVERS cannot be forced to believe by political or intellectual pressures. All they can be made to do is to carry out certain actions—which will be undertaken unenthusiastically and mechanically in the absence of genuine convictions.

These reflections are prompted by the complete absence of any reference to monetary policy in the so-called Counter-Inflation White Paper published in July which established the 5 per cent pay norm. It obviously did not occur to the authors that monetary policy was central or even relevant to the achievement of a desired inflation objective. The monetary targets were simply something which another branch of the Treasury got on with, because it was fashionable and liable to influence the financial markets.

Even those who wish to play safe with the slogan "All available weapons must be used" must find the position highly unsatisfactory. For, at the very least, such an approach implies that wage and monetary targets must be consistent with each other and that the rate of inflation must be consistent with the 10 per cent wage norm of Phase Three clearly cannot be consistent with the 5 per cent norm of Phase Four. And yet no change in the monetary targets was made on the occasion of the pay policy White Paper.

Sterling

In the financial year 1977-78, the target growth rate for sterling M3 was 9 to 13 per cent. In the event it rose by over 16 per cent, partly as a result of the Treasury's persistence in holding down the sterling rate until the end of last October. In the Budget speech this spring Mr. Healey fixed a new target for 1978-79 of 8 to 12 per cent. This has not been superseded.

The corset has now been extended to June, 1978. But this is simply a means to a highly dubious end, but that is another matter—to enforce the existing and unchanged monetary target. This is still a maximum of 12 per cent for 1978-79 as a whole. The corset simply reduces the chances of the target being exceeded by the time the financial year has come to an end.

The trend of real growth in the economy is at best 3 per cent per annum. This percentage should therefore be subtracted from rate of either monetary expansion or of wage increases to work out roughly the underlying rate of inflation. (The velocity of circulation of money does fluctuate, but with no clear trend.) The 1977-78 upper

Chancellor

This is far more than a technical matter. The best way in which the Government could have shown in July that it meant business about reducing the rate of wages increase would have been to announce a new and lower monetary target. The most important early practical effect of such a move would have been to improve the outlook for sterling against all currencies. Not just the dollar, and thus limit what companies could pay in wage increases without pricing themselves out of world, (and British) markets.

It is true that the Chancellor has committed himself in "any view" to monetary targets. This gives him a chance of announcing a lower target in October for the second half of the financial year. But by then it will be too late. To make a major impact on the monetary expansion for the whole fiscal year, an undesirable draconian clampdown would have to be imposed. A lot of time will now be wasted looking for this or that leak or defect in the 1978-79 wage controls—when the real fault will lie in a monetary policy working against the earnings target.

Monetary policy functions best if related to long term objectives stretching over several years—during which, of course, adjustments of phasing could be made. The Treasury's short term approach now favoured by the Government throws away all the potential psychological advantages of a long-term monetary strategy and does nothing to help with the wage objectives on which so much store is stressed. But then that is what one would expect from unbelievably monetarists. The election has left little to do with it.

FT SURVEY OF CONSUMER CONFIDENCE

More people expect pay increases of over 5%

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

MORE THAN half the people questioned in the latest Financial Times survey of consumer confidence expect pay rises in excess of 5 per cent over the next year. About 53 per cent expect pay rises above the 5 per cent target set by the Government, with professional and executive men and young people most expecting such rises. A similar percentage expected friends' earnings to rise by more than 5 per cent.

But almost four in ten respondents were ready to settle for less than 5 per cent.

The FT survey, carried out by the British Market Research Bureau, also suggests a rise in optimism among consumers.

The past prosperity index showing how consumers' expectations have changed over the past year, has reached its highest ever level in the survey. Future confidence too has risen sharply after two months of relative pessimism and worries over unemployment are down.

The survey also endorses the consumer boom in that the "time to buy" index has risen to its highest for over a year.

The past prosperity index for August was plus 4 per cent—its highest ever—due to a rise in the number of people feeling better off than a year ago. Some 30 per cent felt worse off, while 34 per cent felt better off. Those feeling better off have now been in the majority for four months.

However, this increase in past prosperity was almost all due to the influence of ABCI men, the professionals and executive group.

Better off

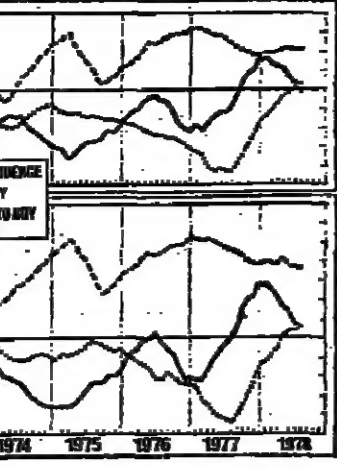
There was little change in the attitude towards past prosperity according to age group, with the under-34 group still feeling substantially better off than other age groups.

On a regional basis, past prosperity has risen in Scotland and the North to plus 14 per cent, is steady in Wales and the Midlands at plus 4 per cent, but has fallen in London and the South to minus 5 per cent.

The part of the survey indicating future expectations shows a 6 per cent rise over the previous month in those consumers believing conditions will improve.

The index is exactly balanced with 23 per cent expecting conditions to improve and an equal number expecting them to worsen. Although this is an improvement on the June low of minus 3 per cent, the index is still well below January's record level of plus 27 per cent.

The major cause for optimism—given by three out of 10 respondents—is the usual one—that "things must improve". A steady 12 per cent of consumers



ALL ADULTS

ABC1 MEN

6-month moving average

CONSUMER CONFIDENCE

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CRICKET BY TREVOR BAILEY

Fourteen Test veterans play village cricket

BETHERSDEN IS just another of those delightful villages that abound in Kent, with a keen unpretentious cricket club which has just built a pavilion on its charming little ground. This ensures that the game will prosper there for the next 20 years, because those who helped with the building will make certain that their efforts are not wasted.

Where this club is fortunate in having Peter Richardson, the former England cricketer, living in a manor house close by. To help the funds he agreed to raise a team of his friends to play the village. It proved a successful and nostalgic event, which was hardly surprising when one considers the friends who assembled there.

Fourteen former England cricketers turned up, including the ageing Les Ames as spectator, and Jim Laker (minus lightmeter) to umpire.

It was really a side of "golden oldies" going back to the Craggy era—well worn, with silver replacing the gold, thicker around the middle and thinner on the top but all without exception in excellent voice throughout the day and the night that followed.

Looking round the dressing room, memories of Test cricket throughout the world flooded back. Standing at about leg as a wicket kept back 18 Australians, the hypnotised bundles of Cowdrey coming of age with that elegant century at Melbourne... the power and beauty of Trueman's action in the Caribbean... opening with Peter Richardson in Johannesburg and the last Test of the opposition as we addressed each other as Herbert and Sir John—a tribute to an opening pair who really could bat.

It would have been possible to select a side from those players at Bathersden which would have been stronger than many international teams I have played for.

against, or seen. There would have been no shortage of runs, and considerable depth in the following batting order. Peter Richardson, Arthur Milton, Bill Edrich, Colin Cowdrey, Les Ames, Doug Insole, Peter Parfitt, Trevor Bailey, Don Wilson, Fred Trueman and Jim Laker.

The openers, Richardson and Milton, were entirely dissimilar in style. Peter, blessed with an impetuous temper, was an outstanding batsman of runs, as illustrated by the fact that he reached a thousand in Test cricket faster than anyone.

Arthur, almost certainly the best of the double internationals for both soccer and cricket, was a neat, compact player and as a close fieldman outstanding.

Edrich, Cowdrey and Ames would provide any team with class and substance. All three inevitably averaged over 40 in Test cricket. Bill was a natural right-hand bat and a fierce bowler of fast bowling. Colin played in over 100 Tests and finished with the largest individual aggregate. Les as batsman was good enough to have been chosen purely in that capacity.

Despite the presence of Trueman, England's best fast bowler, the greatest off-spinner, the attack may appear fragile. Like all Yorkshire slow left-armers, Don Wilson, suffered from being compared with his illustrious predecessors. He was a reliable rather than an outstanding spinner, a dangerous attacking batsman and a brilliant fielder.

Although I did open the bowl- ing for England on several occasions, the seam section looks this until one remembers that before the war Edrich was a "tearaway" quickie of genuine speed, while several other members of the cast could turn a useful arm over.

Far more than most professional sports, cricket breeds long friendships, as underlined by this group who came at their own expense from all over the country because Peter had asked them to. One reason for the success of the game, while on tour one discovers the real person behind the scorer of runs or taker of wickets.

People often ask what cricketers do when they retire. Well, Peter is in public relations, his brother Dick a print broker. Peter Parfitt mine host at a popular bistro in the North.

John Murray is able to combine the trials of Test selection with a position in one of the large sports manufacturers. Don Wilson is head coach, and a very good one, at the Lord's indoor school.

Fred Trueman remains a leading personality and a brilliant after-dinner speaker. Doug Insole is an executive with a leading building company which has released him to manage the England team in Australia. Arthur Milton is involved in the carpet business but remains a top expert on a cricketer's lucky equipment to have accompanied him to a race meeting will vouch.

My piece on August 14, about the considerable difference between England's batting and bowling, should have read: In sharp contrast to the batsmen, the England bowlers, with the exception of Miller, not yet of international calibre, are very powerful.

As expected, Miller has lost his place to Embury for the final Test against New Zealand starting on Thursday at Lord's.

TENNIS BY JOHN BARRETT

Veterans' tournaments are growing fast

THE CASUAL observer, relying for his information on the headlines, might be excused for believing that tennis in Britain enjoys a midsummer hibernation in the weeks following Wimbledon.

The Grand Prix moves for two weeks to Europe before swinging across the Atlantic for the American season and, apart from a three-day burst of interest in the Cap with the Paris All British sporting eyes are focused firmly on golf, cricket, athletics, show jumping and, of course, racing and football.

In fact, of course, this is a period of frenetic tennis activity and by carefully searching among the results sections of the national press, a host of inter-school cups, the inter-county championships, the national junior championships in age groups from under-13 to under-21 and the national challenges in the many international junior cup competitions in Europe. Not to mention the customary round of popular holiday tournaments. Thousands of competitors fill the weeks to overflowing.

There is another fast-growing area of the game which receives scarcely a mention. While the national under-21 championships have been played in Manchester on Saturday 1

wonder how many even knew of the existence of the Queen's Club member George Best—3-3, 6-0, in the final.

There are now some 41 clubs in Britain with veteran sections affiliated to the national Association, a healthy sign. Individual members of the Veterans Club and the 45 Club total more than 500 men. Many of them travel keenly throughout Europe to the attractive tournaments which follow in all the leading tennis nations, from Spain and Italy in the south to Norway and Sweden in the north.

Internationally the veterans game has never been stronger, with the U.S. clear leaders both in numbers and in standard.

It is no surprise, therefore, that the Dublin Cup, presented by Leon Dubler of Switzerland in 1958 as a veterans version of the Davis Cup, should have been won seven times by the U.S. since it first challenged in 1968. Overall, Italy has one more win—seven victories between 1968 and 1968 and a further success in 1970.

If even a small proportion of the multitudes of young players currently fluttering the courts of the world and clamouring for competitive opportunities continue to play in middle and late age, then surely they will be the players who make something into the game from which they have derived so much pleasure.

RACING BY DOMINIC WIGAN

Hawaiian Sound all the rage

WITH THE drying of the Knaves-mire, Hawaiian Sound is becoming all the rage for Tuesday's renewal of that fascinating race, the Benson and Hedges Cup at York. It is not difficult to see why.

Lester Piggett has switched to the Lambourn colt in preference to More So, and with each day of sunshine this three-year-old's chance must be improving, in contrast to such colts as Jelly and Balmerina.

Trainer Barry Hills has already said he is not yet convinced that Gunner B is a topflight performer, in spite of the Newmarket colt's victory in the Eclipse.

This afternoon Hills and stable jockey Ernie Johnson go for smaller prizes at Windsor, where I hope to see them land the Chummy Nursery through Mr. Lundywater Gaven's Best Star.

Nusantra for his brother-in-law, Robert Armstrong.

Nusantra, a rangy colt by Champion Stakes winner Lorenza, out of Gayer Trickett, a half-sister to Patch, has shown notable promise on both his appearances without catching the judge's eye. This seems the ideal opportunity for him to get off the mark.

I believe he will get back on the winning trail today, in spite of a poor run at Haydock shortly after that Windsor success.

Speedy Pet, who was sold out of Paul Cole's stable for £200,000 after landing a seller on that Lancashire course, should go well for his new trainer, Michael Jarvis, but I doubt if he can take advantage of the 3 lbs he receives from Best Star.

Another interesting two-year-old event here is the Newmarket Stakes, in which chances can be made for several runners. Lester Piggett, not often seen at Windsor nowadays, partners

WINDSOR

2.30—Nusantra

3.00—Noble Miss

3.30—Best Star

4.00—Wale

4.30—Water Ballet

5.00—Bursils

NEWTON ABBOT

2.15—Shoot the Lights

2.45—Over Acting

3.15—Glossandru

3.45—Mac's Birthday

HORSE TRIALS BY MICHAEL DONNE

Richard Walker is Midland champion

Mrs. Anna Buxton's bay gelding, Special Constable, won the Midland Bank Open Horse Trials Championships of Great Britain at Looke Park, Derby, over the week-end.

Second was Mrs. Jane Holderness-Rodman, riding Just So, while the ever-consistent Rachel Bayliss, riding Gurgle the Greek, was third.

The novice championship, run at the same time, was won by Miss Miranda Frank, riding Halstar.

Richard Walker's victory was a welcome return to the ranks of the winners by a talented young rider.

He is a former junior European champion who in 1969,

in his first year in senior events, won the Badminton Horse Trials riding Pasha.

Another of Britain's leading event riders, Miss Lucinda Prior-Palmer, the reigning European champion, had two of her horses placed in this week-end's championships—Village Gossp in sixth place and Killaire in seventh.

The Midland Bank Championships represent the culmination of more than 80 separate horse trials throughout the country over the last 12 months, all sponsored by the banking group.

As such, they bring together all the best combinations of horses and riders, and this year was notable for the galaxy of

equestrian talent converging on Derbyshire.

This year's championships were also significant in that all the horses and riders on the short list for the forthcoming World Horse Trials Championships in Kentucky were taking part for the benefit of the team sectors.

Of the first 10 places in the open championship this past week-end, no fewer than five would have been good enough to put her in equus fourth place in the championships.

TV/Radio

* Indicates programmes in black and white

BBC 1

6.40 am Open University (Ultra High Frequency only). 8.55 Paddington. 10.00 Jackanory. 10.15 Grange Hill. 10.25 The Islanders. 1.30 pm Mr. Pann. 1.45 News. 4.18 Regional News

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Mr. Smith's conditions

THE POSSIBILITY of an all-party conference to resolve the future of Rhodesia is once again being entertained in Salisbury. It is a development which should provide a chink of light in the unrelieved gloom which has recently pervaded the Rhodesian capital. The more flexible attitude towards all-party talks—it can be put no more strongly than that—adopted by Mr. Ian Smith in his latest statements encourages the hope that one final attempt may yet be made to reach a compromise solution between the warring factions in the country. The joint leaders of the Patriotic Front guerrilla forces, Mr. Nkomo and Mr. Mugabe, have also repeated their willingness to attend a conference. Only Bishop Muzorewa and the Rev. Sithole, of the principals who attended the ill-fated Geneva conference, have yet to be persuaded to relax their opposition.

Security

Thus far, therefore, the delicate Anglo-American diplomacy of recent months—more a policy of wait-and-see than any positive programme—would appear to be succeeding. The danger is that it may be too late.

The essential problem is how to avoid a repeat of the abortive discussions in Geneva. One can be sympathetic with the sentiment expressed by Mr. Smith last week of being "a little on our guard that we could go to something that could turn out to be a farce." That is exactly what such a conference will be if there is no genuine negotiation on substantive issues. Yet there is no sign of movement on either side on the two major problems areas of the Anglo-American settlement proposals—the composition of the security forces and the allocation of political power during the transition to majority rule.

While Mr. Smith declares that he will not attend any conference where the disbandment of the existing security forces is on the agenda, the Patriotic Front leaders are adamant that they must be accorded primacy in the transitional period. In order to force any real negotiation, the conference convenors need a statement between the opposing sides. But if that ever were the situation, it no longer seems to be so.

The case for funding

IT IS certainly true that some immediate savings in public expenditure might be made if the minority of public sector pension schemes which are presently funded were to be run on the same pay-as-you-go basis as the rest. It may also seem illogical that, merely because of historic reasons, the pensions of local government officials should be funded whereas those of civil servants are not. But the Commons Public Accounts Committee was treading on shaky soil last week when it described as anachronistic the retention of the funding principle for pension schemes in the nationalised industries.

Assurance

The committee's comment was occasioned by the very heavy cost to the Exchequer of funding British Rail's pension fund deficiency. This was estimated in 1975—a final estimate is to be made next year—as likely to total at least £1.1bn over the 12-year period to 1988. Given the controversial nature of some of the fund's recent purchases, the fact that neither Parliament nor the Government has any control over how these moneys are invested could be held to raise major issues of accountability, as the committee says. But the circumstances which led to the decision to place on the taxpayer the burden of topping up the BR pension fund were exceptional. They do not undermine the general case for funding.

It is true that the security argument may seem to hold less force in the case of a State industry pension scheme. The funding of pensions in the private sector gives employees an assurance that their pensions will be paid even if the business disappears. This is why the funding and actuarial solvency of pension schemes and the observance of certain limits as to the proportion of a funded scheme which may be invested internally in a business are conditions for occupational pension schemes.

Mr. Smith's apparent change of heart towards an Anglo-American conference must reflect his realisation that the internal settlement he negotiated with Bishop Muzorewa, Mr. Sithole and Chief Chirau cannot of itself end the war and get sanctions lifted. It is a clear admission of weakness, which is why the Bishop and Mr. Sithole are still so unwilling to attend. The Patriotic Front, on the other hand, although still suffering heavy casualties in the war, is increasingly confident of its ultimate success. Mr. Nkomo has made it clear that his position has hardened substantially in the course of the summer. Western refusal of recognition to Mr. Smith's settlement has helped to force him back to the conference table, but the West has no such power over the guerrilla forces. Although the presidents of the African front line states undoubtedly want a peaceful solution and have used their good offices to keep Mr. Nkomo and Mr. Mugabe prepared to attend a conference, their powers of persuasion are dwindling as the Patriotic Front sees its military position improve.

Division

An agreed solution from the conference would therefore most probably prove even more favourable to the guerrillas than were the original Anglo-American terms. The only alternatives Mr. Smith can hope for are either a division in the PF ranks—with Mr. Nkomo joining the internal government in a leading role—or a breakdown at the conference which he can blame on the intransigence of the external forces, thus giving him ammunition to argue once more for Western recognition of his own settlement.

Neither Mr. Nkomo nor Mr. Mugabe can want a protracted struggle in which either of them could be displaced by a military rather than a political leader. Moreover, the danger of a further civil war between their respective armies is real. The hope must be—and at this late stage it can only be a faint one—is that the Patriotic Front leaders will see the advantages to themselves of a relatively orderly transition to majority rule, without a mass exodus of whites, and that they will be willing to make some concessions for the sake of bringing the war to an end.

The invasion of Czechoslovakia slowed up but has not halted the process of political and economic evolution in eastern Europe

Eastern Europe ten years after the Prague spring

By ANTHONY ROBINSON, East Europe Correspondent

WHEN MR. BREZHNEV and his politburo decided to send tanks and troops to suppress the Prague Spring uprising 10 years ago he was following a well worn tradition. His predecessors had done the same sort of thing. Stalin's immediate heirs crushed the East Berlin revolt in 1953 and Mr. Khrushchev followed their example in Budapest three years later.

Yet at the same time Yugoslavia, which was expelled from the Cominform 30 years ago, has been able to develop its own independent line under President Tito. Yugoslavia's careful attention to the strength of its armed forces, its declared intention to fight to retain its independence and the network of allies and friends it has built up through a non-aligned foreign policy, plus the obvious popularity of the regime at home have all served to deter any forcible attempts to re-establish Soviet hegemony.

The invasion of Czechoslovakia by Warsaw Pact forces under the guise of international proletarian solidarity, and the subsequent proclamation of the Brezhnev Doctrine of limited sovereignty for the socialist satellites has also stopped the gradual evolution of more clearly national brands of Communism throughout Eastern Europe.

It is significant in this connection that when bloody riots broke out in the Polish shipyards in 1970, the Soviet Union declined to respond to Mr. Vladyslaw Gomulka's appeal for comradeship assistance and decided instead to press for a political solution which brought to power Mr. Edward Gierek.

Leading role

In that case the Soviet leadership clearly did not perceive any threat to the leading role of the Communist Party. Indeed, it calculated rightly that Mr. Gierek, who strongly supported the invasion of Czechoslovakia, was both loyal to the Soviet Union and a tried and trusted party man who was more likely to canalise Polish nationalism in an acceptable fashion than Mr. Gomulka, who had clearly lost his grip.

Romania managed to get away with its refusal to join the other Warsaw Pact powers in the joint invasion of Czechoslovakia and has continued with an increasingly independent economic

and foreign policy ever since. It has refused to take sides in the Sino-Soviet ideological dispute—a course which has culminated in the present visit to Romania of Chairman Hua Kuo-feng.

What the otherwise very different regimes in Poland and Romania have in common is that neither country borders on the West. The high risk countries from the Soviet viewpoint are Czechoslovakia and the German Democratic Republic, which both have long frontiers abutting West Germany.

President Tito

Yugoslavia remains a grey area. The Yugoslavs make clear their own belief that the Soviet Union would like them to return to the fold, but a major effort has been made to secure the succession to President Tito and the West would almost certainly wish to maintain Yugoslav independence.

The Soviet Union distinguishes between the evolution of events in those satellite countries which are surrounded by other socialist states and those like Czechoslovakia and East Germany which share a common border with the West. This helps to explain the Soviet diplomatic offensive after 1968 aimed at guaranteeing the western borders of its part of Europe—a process which had begun with construction of the Berlin Wall in 1961.

The desire for such a "normalisation" ensured the success of the Brezhnev-Brandt Ostpolitik which paved the way for diplomatic recognition of the German Democratic Republic. That was followed by the successful Soviet effort to convene the Helsinki conference which confirmed the post-war status quo at the cost of a Soviet signature on the clauses guaranteeing human rights. Subsequent events have shown that the Soviet Union had no intention of honouring them.

Secure behind this international recognition of its hegemony in Eastern Europe the Soviet Union would almost certainly step in to repeat its 1968 performance in both Czechoslovakia and the GDR if ever it felt that events there were getting out of hand again. Neither moral protests from the West in general nor unqualified cries from the Euro-Communist parties of the West would in the end deter it. Preventing such a situation developing in the first



Prague, August 1968: citizens sit before the statue of King Wenceslaus in passive protest against the occupation.

place is one of the most difficult and delicate of Soviet foreign policy objectives.

To that end the Soviet Union has fostered closer economic co-operation and integration within Comecon. This procedure was formalised by the Bucharest 1973 energy crisis played into the hands of the Soviet Union by improving its terms of trade vis a vis the rest of the bloc and increasing eastern European dependence on Soviet energy supplies. Wisely, however, the Soviet Union refrained from exploiting its windfall gain to the full. It has allowed its allies to step up trade with and borrowing from the West. It has also stepped in with economic assistance to Poland, for example in 1976, and to Czechoslovakia throughout this period. That was help that went to countries whose

slovakia confirmed was the intensely conservative nature of the collective leadership which took over power from Mr. Khrushchev in 1964. Its primary interest was, and is, to consolidate the Soviet Union as a great power and to strengthen the hold of the party which was greatly weakened by Mr. Khrushchev's denunciation of Stalinist terror at the 20th party congress in 1956 and the half-hearted and incomplete attempts at de-Stalinisation which followed.

Western reaction to the invasion showed that to a considerable degree Western leaders shared Moscow's fears of destabilisation even though on a longer term view it could well be argued that the greatest threat to stability lies in the political ossification of the Soviet regime.

The invasion of Czechoslovakia slowed up but has not halted the process of political and economic evolution in eastern Europe, but it has not helped the Soviet Union to reform its own highly centralised system.

The Politburo is still made up very largely of the same men who approved the invasion of Czechoslovakia. Now they are ten years older but apparently incapable or frightened of introducing younger men into the top leadership.

The use of military means to crush the Prague spring was followed by a continuing enlargement of the Soviet fleet and modernisation of the armed forces generally. A generation of leaders brought up in the shadow of Stalin's myriad suspicions and the trauma of Hitler's invasion continues to be afraid of encirclement.

Military strength

The build up of military strength in Europe and along the Chinese border, plus the active policy of intervention in Africa, has increased western distrust of Soviet intentions, reduced the chances that the U.S. Senate will approve of a new SALT treaty and paradoxically raised the spectre of encirclement. NATO's recent decision to step up arms spending in view of the Soviet build up in Eastern Europe, the Carter administration's decision in Mr. Brezhnev's words "to play the Chinese card," and Chairman Hua's current visit to Europe on the heels of the Sino-Japanese Friendship Treaty all have a threatening look to

Moscow. The combination of a fossilised Soviet leadership and increasing Soviet military strength is equally worrying.

Would the situation have evolved differently had the Soviet leadership decided not to invade Czechoslovakia but had accepted the complex political challenge of reducing the emphasis on state and party power and attempting instead a return to the origins of socialism and the dream of socialism with a human face?

Stalinist past

It is extremely difficult to conceive of any such evolution in the Soviet Union until the whole Stalinist past has been honestly faced up to and excised. The current generation of leaders is obviously unable and unwilling to do so. They are trying hard to suppress the dissident movement, which although small in numbers, is courageous and determined.

But the demands for a more open political system, for freer trade unions, for the right to hold and express unconventional views, for national self-expression and greater freedom generally will not just go away. The trials of the dissidents themselves, for all the harshness of the sentences, show that the Stalinist methods of elimination in silence are no longer applicable.

The Soviet Union, 60 years after the revolution, is an infinitely richer and more developed country. Mass education and rapid urbanisation have created a new kind of society. The political structure has demonstrably failed to evolve with anything like the same speed.

The Czech experiment showed the way in which what then was the most culturally and economically advanced country in the Soviet bloc was trying to come to terms with the times. In 1968 that was seen as a threat in Moscow. Since then several other countries in the bloc have moved gradually, and in their own way along a similar path.

Evolution within the Soviet Union itself has been much slower. Not much can be expected from the present generation of leaders. Their attempt to slow the clock, while successful for a decade, is storing up many complex problems of change and development for their successors.

MEN AND MATTERS

Balancing political figures

The Home Secretary, Merlyn Rees, was asking at the weekend who is responsible for the "vast sums of money now being given to the Tory Party by commerce and industry." His own party's research department is due to publish some figures next month which will partially answer his question.

These show that in 1977 political donations announced by some 380 companies quoted on the Stock Exchange totalled £1.4m—higher than the £1.2m announced in the previous two years, though below the £1.6m reported by companies in the election year of 1974.

The bulk of last year's money, £748,493, went directly to the Conservative Party. The balance was given to such organisations as British United Industrialists (£452,226), the Economic League (£126,959), Aims for Industry (£30,100), and several other minor groups such as The National Committee for Electoral Reform and The Scotland is British campaign.

According to Labour's figures, Rank Hovis McDougall led the field with political donations of £41,000, followed by Guest Keen Nettelford (£33,150) and Taylor Woodrow (£30,300). On a sectoral basis the main contributor was the insurance industry.

William Clark, the Tory MP for Croydon South who is a former joint treasurer of the Conservative Party, estimates that 75-80 per cent of the money given to British United Industrialists is channelled to the Conservatives. Sir Ralph Batesman, current chairman of BUI's Council, says that BUI also contributes to such bodies as the Economic League, the National Association for Freedom and Aims for Industry.

However, Clark says that, while the Tory Party receives



"We are running out of adjectives!"

about as much from industry and commerce as he estimates the Labour Party does from the Trade unions, no contributor to the Conservative cause then has the right to vote at its annual conference as unions do at the Labour Party conference. And, firing a return sally at Rees, he suggests the Labour Party's concern about company political contributions is because increasing numbers of trades unionists are opting out of the levy to the Labour Party.

Temple doors open

Life-sized cardboard cutouts of comedians of photographs of comedians Morecambe and Wise are not part of the usual trimmings outside the serene and shady lawns of the Inner Temple. But yesterday the cutouts were ensconced on the Embankment, summoning guests to a garden party which might have made a few of our lawyers' wigs stand on end.

Thames Television had managed to persuade the

Council for the Inner Temple to break 800 years of tradition and, for a modest fee, to throw open their gardens for a commercial party. The company was promoting "the wealth and variety of its autumn schedules." Actress Diana Dors was there, taking instantaneous pictures of her fellow stars. Sooty the Bear had a water-pistol to squirt champagne at the entertainers who, Thames hopes, will be luring viewers from the BBC.

Three of this autumn's hopeful heroes of the ratings ended up with shaving soap on them but the Inner Temple's Head Gardener, Geoffrey Sleeman, said he was sure the laws were sufficiently resilient to withstand this and the champagne. As the 250 guests settled down to lunch and a quiet afternoon under the usually out-of-bounds plane trees he said he was "delighted" the garden had found such use.

Rail steam

The Conservatives are up in arms. "This is an extraordinary reply," they said yesterday about a letter from British Rail, accusing it of "huffing and puffing" and failing to give a worthwhile explanation.

The complaints by Norman Fowler the opposition spokesman on transport, come because of the way that British Rail has advertised in Labour Weekly and Liberal News but not in Conservative News.

The deputy chairman of the Board of British Rail, J. M. W. Bosworth, says that this is because the left of centre view was not being adequately reached as a result of previous advertisements in the nationals and unrepresentatively says British Rail wished to even out the "strong right of centre bias" in their advertising schedule. Which is an interesting precedent for a nationalised industry

and must have The Morning Star wondering whether its turn is coming.

Princely dreams

Talk of towing icebergs to the Middle East has been circulating for years but now it seems that Australia may play host before Saudi Arabia—with a Saudi prince doing the shipping.

The prince, Mohammed al Faisal al Saud, set up the company Iceberg Transport International in Paris last year. Yesterday his consultant, Dr. Charles Swinbank, confirmed that the company plans to use a friendly current or two to help tow Antarctic icebergs to western Australia. There is a ready market for fresh water there and if this venture works the plan is to start shipment to Saudi Arabia during the 1980s.

Swinbank, who is head of Earth Sciences at the British Antarctic Survey, told me that 99 per cent of the fresh water in the world is ice and 90 per cent of this is in Antarctica. "It is compacted snow, not sea water—completely pure."

One present problem is how to pick the right iceberg. A former member of the Scott Polar Research Institute in Cambridge, Dr. Gordon Oswald, is now working on the low frequency radar necessary to make sure the icebergs are stable. Another difficulty is how to melt the icebergs once they are parked off the Australian continental shelf.

But the real problem is the whole scale of the operation. The chosen frozen ones will be about 3,000 yards long and 1,000 yards wide. They have to be less than 200 yards deep otherwise they cannot be brought close to shore. But there is no question of finding a harbour large enough to contain them. As for their weight this will be of the order of 600m tons.

Observer

Lord Grade: more than a fat cigar

BY JAMES BARTHOLOMEW

N ALL the future over the £150,000 pay rise received by Lord Grade, the point should not be missed that Britain now has a new major film company.

From the unlikely base of a television contractor in the Midlands, there has emerged a British public company which this year will make more films than Twentieth Century Fox, Metro-Goldwyn-Mayer, or any of the glamorous old names of Hollywood. Lord Grade says, "Mine is the biggest film production company in the world."

There are too many possible ways of measuring the size of film companies to make the claim worth arguing about. But his assertion is by no means ridiculous. The British public is not yet aware of what a big film company Associated Television Corporation with its U.S. affiliate, ITC, has become. The reason is that it has grown so quickly and many of its products have not yet been shown in the UK.

ATV will start 12 films this year on medium or large budgets. They include Les Misérables, starring John Gielgud, James Mason, and Cyril Cusack; The Boys from Brazil with Gregory Peck and Laurence Olivier; and Raise the Titanic, which has a \$17.5m budget.

Its greatest successes in the past have been Return of the Pink Panther and The Eagle Has Landed. But they have been mere samples of the weight of material which will be coming to Britain over the next 12 months. Coming soon will be Capricorn One, a space industry thriller starring Elliott Gould. Figures in Variety magazine indicate that it has already grossed over \$20m.

ATV has not yet had an overwhelming hit, a Star Wars, or a

Saturday Night Fever. But Lord Grade is, as ever, optimistic. "I believe in the law of averages," he says. "One of these has to be a blockbuster."

The British public is so used to being told what a miserable state our film industry is in that it comes as a surprise to have a genuine movie mogul on its hands. Like the audience at a magician's show, one wonders, "How on earth did he do it?"

Lord Grade, despite the photos, did not do it by sticking an outside cigar in his mouth and talking big, although the effect is calculated and helps. Nor did he do it by paying himself £210,000 a year and revealing that he spends more on smokes than most people earn.

The truth begins with long experience of the entertainment business and particularly television. Lord Grade has built up a wealth of contacts and knowledge.

The problem in setting up a film company is primarily financial. A medium budget film costs \$5m to \$7m. There is a good chance that it will be a total flop. That is why most Boards of British companies give films a wide berth.

But ATV has had the advantage that its programmes made for television are already well known to the major U.S. networks. Programmes like The Saint long ago established ATV as a company which could produce commercial fare. The contacts and credibility which television programme production gave ATV, now enable it to sell its films to the U.S. networks before the cameras start rolling.

ATV is normally able to cover 60 per cent or more of the costs of medium sized film from advance sales of TV and distribution rights on the basis of its own reputation and the reputa-

ons of the director and stars. On top of this ATV tried to tie up outlets for its films by entering a partnership with General Cinema Corporation, a cinema chain. But the arrangement came close to breaking in U.S. anti-trust laws. In any case Lord Grade did not like having to consult another company before giving the go-ahead to new projects. He wants to make his decisions fast, and believes that agents, directors and the rest appreciate it. "They come to me and in two sentences they tell me the story and if I like it I say 'It's a deal'."

Lord Grade is the first to

admit he does make mistakes in picking films. He was strongly behind a policy of making "A" certificate adventure films for a worldwide market. These have had a mediocre response and some, like Voyage of the Damned, simply flopped. His greatest success, Return of the Pink Panther, was not a film he had much hope for and he does not have a business interest in the successful follow-ups.

But Lord Grade's ability to obtain and reinforce outstanding success has been shown in the unlikely duo of television hits,

Jesus of Nazareth and The Muppet Show. Jesus of Nazareth was sold to an American network for \$25m and has been turned into a film for exhibition worldwide except for the U.S., Britain and Italy, where the television networks will keep it for themselves indefinitely. The Muppet Show was a secondhand property that the previous owner thought was played out. It has now been shown all over the world and a feature film is on its way.

Lord Grade says he has learned a lot in the past four years. The most important things to get right are the words, the producer and the director, he says. The stars do not seem to be so important.

The main thing is to get a good director. "It doesn't matter how much you pay him, he says, 'you have got to get the talent.' To emphasise the point he tells how he asked Franklin J. Schaffner to make a film for him. He told Schaffner to look through his store of film rights, pick any one that he liked, Lord Grade would arrange the finance. The result is The Boys from Brazil.

Despite all the glamour, some people still want to know what it looks like on the bottom line of the accounts. The answer depends on a whole series of assumptions. Using a broad brush, the capital employed on films is almost entirely borrowed. This is made possible by guarantees from the rest of the group.

Borrowed money for film production last year rose from about £10m to £22m, say an average of £16m. The profit was £3.3m, or £3.9m if the interest charge is added on. This gross profit of £3.9m on capital employed of £16m is a return of

24 per cent. Not a spectacular return, but good.

The stock market is nervous about profits from films. Hedderwick Stirling Grumbar, the stockbroker told investors to consider selling ATV shares a couple of years ago in view of the company's commitment to the "volatile area of film production." The broker referred to "the above average risk factor."

Lord Grade has always denied that it is risky, and Hedderwick

effect that a valuable property like Jesus of Nazareth is now completely written off and appears to have no value in the balance-sheet, whereas a less successful venture will appear as having a value because it is taking a few years to cover its costs. ATV is to change its accounting to the American method which brings in the profits earlier.

In the U.S., investors are also nervous of film company earnings but less so than they used to be. Several of the studios have had really big hits which have transformed their liquidity. They have also gone in for the technique of pre-selling their films although not quite to the degree which ATV has. Simultaneously the American film market has been extremely buoyant and Mr. Harold Vogel, entertainment analyst at Merrill Lynch, expects real growth at box offices of about 10 per cent this year. The prosperity of television at the moment also helps because the TV companies are able to pay more for film-showing rights.

One blockbuster can make \$50m to \$100m at a stroke. This is the bulls eye Lord Grade is aiming for. The low risk strategy is designed to enable him to have as many throws as possible while letting the law of averages do the rest.

The main danger is a series of flops. ATV would not lose much money as a result but its vital credibility which enables Lord Grade to pre-sell the films and re-shown ad-museum all would be damaged. Conscious of this he produces a healthy number of prestige films. Although a commercial success can never be guaranteed, the prestige of using people like Ingmar Bergman and Franco Zeffirelli is gilt edged.

ATV CORPORATION

Assets of Film and Music Rights, Recorded Programmes, Licences and Scripts.

Year	Assets
1972	£ 7.6m
1974	£ 9.5m
1975	£14.1m
1976	£19.8m
1977	£16.2m
1978	£16.3m



Lord Grade: "You have got to get the talent."

Trevor Humphries

Letters to the Editor

Lobbying in the EEC

From Mr. G. Tucker

Sir—David Buchanan's article on lobbying (August 18) is by far the best and most realistic assessment of this subject that I have yet read.

I wholeheartedly agree with him that the need to lobby the EEC institutions has never been greater. For the EEC is having an increasing influence through its laws and regulations over our lives and business. And I agree that the EEC represents an infinitely greater challenge because of the very complexity of its institutions and regulations. In my experience, a good many British companies find this daunting and discouraging. Because of this attitude, we have lost opportunities and failed to exploit fully the many chances for trade with the countries represented in the Lomé Convention, the Arab world and developing nations. On the other hand, we have not always lobbied effectively against the sinister forms of harmonisation or combatting the strong pressures from pressure groups inimical to our business interests.

Admittedly, EEC-watching is a very taxing business, especially for those companies that are not either on the big empires of the EEC or in the presence in Brussels. The EEC pours at a vast amount of information and all this needs careful sifting, evaluation, checking and re-checking for accuracy. But this is not enough. It is also vital to know what is actually happening, and even more important, what is going to happen. Such forward intelligence is vital if a company is to make that will affect it so it has time to do something about it.

It is all the more disappointing, therefore, that many British companies do not send representatives to Brussels, or even if they do, they are not in the EEC and how it bears upon their business. In cases where there have been heavy losses, the fault often lies with those who have either not seen it coming or who have badly presented their case to the wrong people. That is, it is not good for the EEC nor for Britain.

G. Tucker

47, Essex Street, WC2E

Lethal to animals

From Mr. R. Hedge

Sir—I am quite sure that all those interested in conservation will be shocked and alarmed to learn from Mr. Robin Lane Fox (August 16) that a new herbicide has been marketed by Monsanto Chemicals under the name of "Rescue".

I do not doubt that the herbicide is everything that the manufacturer claims but has masked such depths that by using this product we put at risk birds and animals in general. Indeed, Mr. Robin Lane Fox states that for a period of an hour or so after application the herbicide is so lethal that it "would poison any cat in the orchard."

For the time being control appears to be in the hands of farmers, but the time is not far distant when irresponsible neigh-

bours throughout the country will join together to purchase a can of this expensive chemical and the effects on animal life in particular may well be catastrophic.

On the facts as reported, this product should not only be controlled it should be banned forthwith.

Ronald Hedge,
Grange Side,
Cleeve Road,
Worcester Park, Surrey.

Regulating engineers

From the Secretary,
The Institution of Electrical Engineers

Sir—Peter Mason, a Past President of the Institution of Structural Engineers, supports (August 14) the view of the Institution of Electrical Engineers (IEE) that the standard of qualification of professional engineers needs to be raised, but comments on its advocacy of statutory regulation of the engineering profession that he "cannot support the IEE's desire for the deadening hand of bureaucracy. Who on earth said we wanted that?"

Can Mr. Mason have actually read my letter (August 4) to which he is replying, yet have rejected the Bow Group's suggestion for bureaucratic regulation? Can he have given even a cursory glance at the professional underpinning of the engineering profession, yet have failed to see that they are administered not by bureaucrats, but by representative members of those professions?

We are not concerned with the deadening hand of bureaucracy, which is a feared, acknowledged and necessary part of the engineering profession by a system independent of self-serving interests, and independent of the need to work by the consensus of a multitude of disparate independent engineering societies.

G. F. Galsborough,
Surrey Place, WC2E

Qualifications and experience

From Mr. G. Wolf

Sir—The correspondence on the status of engineers shows a remarkable short-sightedness on the part of some of your correspondents.

If I, or any other member of the public need medical treatment, we know the doctor with a plaque on his surgery door saying MD is indicating that he is a member of a qualifying body and he is not allowed to prescribe medicines unless he is so qualified. I, or any other member of the public, however, can set up an office, put a plaque on the door and call myself a consulting engineer without any qualifications whatsoever.

It is not about time that the professional institutions and the Universities combined to ensure that no unqualified person practices as an engineer. The professional bodies should realise that their duty to the public, which they themselves and their members lay down in their ethical codes also extends to seeing that persons not bound by the ethical code should not practice.

If registration was achieved there would be the immediate problem of extremely experienced, unqualified engineers who are practising today and whose standards of conduct are just as high as those of institution members. Doctors, nurses, den-

tists and legal practitioners had this problem and solved it by admitting into membership non-qualified practitioners of adequate standing and the problem resolves itself in one lifetime.

Association of Professional Scientists and Technologists,
14, Harley Street, W1.

Lord Grade's pay rise

From Mr. A. Jacobs

Sir—Does Lord Grade realise what a dis-service he is doing to UK executives who are earning more than £25,000 a year? When he states that he does not think the 33 per cent marginal rate of income tax is unreasonable?

Lord Grade's tax position differs greatly from executives who are working full time in the UK. On his published earnings of £60,000 he will be left after tax with about £17,000. His reported increased earnings of £150,000 will not leave him after tax an additional £25,500 as one would imagine, but most likely a further £50,025 making his total after tax income about £72,500. So that even his average rate of income tax on this large income will be seen to be just 65 per cent.

This arises because those executives working overseas for a substantial part of the year, and whose earnings are wholly attributable to work carried out overseas (as I am sure Lord Grade's), are entitled to have 25 per cent of such income free of tax resulting in a marginal rate of income tax of only 32.25 per cent. Compare this situation with a UK executive earning £25,000 who would have an after tax increase of 14 per cent in line with the general increase in current earnings. He would require an increase of £9,000 or no less than 36 per cent of his remuneration, and there is not the slightest chance of executives obtaining such an increase. Undoubtedly higher paid UK executives would be eternally grateful to Lord Grade if he would be willing to assist those who are seeking a maximum marginal rate of tax of 60 per cent or even Lord Grade's marginal rate of 82.25 per cent.

Anthony Jacobs,
(Liberal Taxation Panel),
20, York Terrace West, NW1.

Printed circuit boards

From Mr. P. Breen

Sir—Mr. Sweeney claims (August 7) to represent in his report on printed circuit boards in the UK "the attitudes and perceptions of the printed circuit board (PCB) industry's own customers" and to have concluded from the annual accounts of all the major UK PCB companies that "... no industry can survive in these conditions."

Representing one of the largest PCB manufacturers and exporters in the UK and as a wholly owned subsidiary of STC (a British company of IIT), I consider that my company is relatively well informed as to the state of the market and industry both in the UK and abroad. I would like to put the record straight on some of the specific points in the Larsen Sweeney report (July 24, 81, August 4) and to refute some of the broad generalisations in Mr. Sweeney's letter.

The report uses the same statistics as the HMSO publication, Business Monitor PQ364, Imports quoted in BM do not differentiate between unpopulated PCBs—the subject of the Larsen Sweeney Report—and populated PCBs which carry the added value of high-cost components and assembly.

With the advent, in the 1970s, of international rationalisation of manufacture and assembly (electronics through to motor vehicles) the incidence of the importation of such high-value populated boards has significantly increased and will continue to do so. Small wonder, therefore, that the "imports" quoted in the report have risen from 9 per cent in 1970 to 38 per cent in 1977. But these statistics and the trends indicated do not relate to unpopulated PCBs which by implication must only account for a small proportion of any import statistics.

Turning to Mr. Sweeney's conclusions from the annual reports of all the major companies without discussion with any of these companies "because of the possibility that sales promotion might distort the fact". These reports, by definition, will only have been available from official sources and relate to 1975-76 which was a period of initial depression in the UK components industry. Again, no surprises that some of the accounts showed depressingly low returns.

The electronic components industry is a fast-moving, fast-changing business (two, three months ago had heard of laminates)? If Mr. Sweeney cared to update himself on the situation of the major UK PCB manufacturers today he would find a different story.

Their technical capability is recognised as among the best in Europe. I estimate the level of automation now taking place in the UK to be two-three years ahead of the U.S., and proposed capital investment will ensure that this situation is maintained. That PCB technology innovation in the UK is going from strength to strength was evident at the world printed circuit convention held in London last June, and is endorsed by satisfied customers including some of the world's most advanced electronic equipment manufacturers—in computers, avionics and aerospace.

That there is numerically a large number of smaller companies, who, per se, cannot afford the high level of capital investment inherent in maintaining a high-technology capability, is unconnected with a different market place and they do not represent more than a tiny share of PCB output in the UK.

The major UK PCB manufacturers are well aware of the international environment in which they operate—and we are determined that the UK industry should remain in it.

Peter R. Breen,
Director and general manager,
Exotic Circuits, Sharnbrook Toll,
Selkirk, Scotland.

Reflating inflation

From Mr. B. Lindsay-Fry

Sir—On your front page of August 16 you carried a headline "Reflation urged to combat threat of output stagnation." As the UK is already inflating at an annual rate of between 7 per cent and 8 per cent and the National Institute of Economic and Social Research forecast 1 per cent by the end of 1978 should not the headline have read "Still higher inflation urged to combat threat of output stagnation?"

Doubt must be expressed whether still higher inflation would in fact increase national output. The recent experience of inflation rates between 15 per cent and 30 per cent annum does not support the suggestion and declining inflation rates do not appear to have reduced the GNP.

B. M. Lindsay-Fry,
64, Avenue Road, NW8.

Today's Events

for greater regional co-operation. John West, the company at the centre of the salmon poisoning crisis, is selling the fish of salmon from Canada and Japan.

Chairman Hua Kuo Feng, Chinese head of state, begins visit to Yugoslavia.

Sir Peter Vaneek, Lord Mayor of London, on official visit to Latin America to promote British trade with the region.

Israel Spring-Summer Fashion Week opens at Jerusalem Beitout. Chinese iron and steel buying mission continues visit to Australia.

Edinburgh International Festival and the Military Tattoo continue (until September 9).

England v West Indies. Arundel Golf; British Boys' Championship, Seaton Carew; British Girls' Championship, Larga; Bowls: English Men's Championship, Worthing.

EXHIBITIONS
Historical development of heraldry in Britain from its 12th century origins, British Museum, WC1 (until August 27).

George Romney drawings, Kenwood House, Hampstead Lane, NW3 (until September 31).

Henry Moore drawings, Tate Gallery, Millbank, SW1 (until August 28).

Sir Gilbert Scott centenary exhibition, Print Room Galleries, Victoria and Albert Museum, South Kensington, SW7 (until September 10).

NOTICE OF REDEMPTION

RELiance WORLD TRADE COMPANY LTD. (formerly Leasco World Trade Company Ltd.)

This Notice Contains Important Information for All Holders of 5% Guaranteed Convertible Debentures Due 1988 of Reliance World Trade Company Ltd. (formerly Leasco World Trade Company Ltd.)

NOTICE IS HEREBY GIVEN that the entire outstanding principal amount of the above issue (hereinafter the "Debentures") will be redeemed on September 25, 1978 (the "Redemption Date"). The amount payable on redemption is \$1028.89 per \$1,000 principal amount of each Debenture (\$1015.00 plus interest accrued to the Redemption Date). This action is being taken pursuant to the provisions of Section 3.02 of the Indenture dated as of June 15, 1968 among Leasco World Trade Company Ltd. (now Reliance World Trade Company Ltd.), Leasco Data Processing Equipment Corporation (now Reliance Group, Incorporated), Guarantor, and Bankers Trust Company as Trustee (the "Indenture").

The redemption payment will be made at the office of Bankers Trust Company and at the offices of the Paying Agents indicated below. From and after the Redemption Date, the Debentures shall no longer be deemed outstanding and interest thereon will cease to accrue.

In accordance with the provisions of the Indenture, the Debentures are convertible into shares of Common Stock of Reliance Group, Incorporated at a conversion price of \$40.80 per share. This right of conversion will expire at the close of business on Monday, September 25, 1978. Thereafter, the Debentures may not be converted into such Common Stock. No payment or adjustment in respect of accrued interest shall be made on the conversion of any of the Debentures. If the entire outstanding principal amount of the Debentures were to be converted into Common Stock of Reliance Group, Incorporated at the above-stated conversion price, such conversion would involve the issuance of approximately 310,000 shares of such Common Stock.

Holders of Debentures should be aware of the following:

(1) On August 11, 1978, the reported closing sale price on the New York Stock Exchange of Reliance Group, Incorporated Common Stock was \$35.625 per share. At \$40.80 per share, \$1,000 principal amount of Debentures would be converted into 24.5 shares of Reliance Group, Incorporated Common Stock having a value of \$772.81.

(2) It is suggested that holders consult with their tax advisers as to the tax effect of the redemption and conversion discussed above.

Debentures, together with all coupons appertaining thereto and maturing after the Redemption Date, should be presented and surrendered for payment of the redemption amount or for conversion into Common Stock, as follows:

Paying and Conversion Agent

Mail:

Bankers Trust Company

Corporate Trust Division

P.O. Box 2579

Church Street Station

New York, New York 10008

Hand Delivery Only:

Bankers Trust Plaza

Between Greenwich and Liberty Streets

New York, New York

Additional Paying Agents

Banque Bruxelles Lambert S.A.

2 Rue de la Regence

1000 Brussels, Belgium

Pierson, Helling & Pierson

206-214 Herengracht

Amsterdam, The Netherlands

Berliner Handels-Gesellschaft

Frankfurt Am Main

Bockenheimer Landstrasse 10

6 Frankfurt, West Germany

Credit Commercial de France

103 Avenue Champs-Elysees

Paris, France

Banca Commerciale Italiana

Piazza della Scala

Milan, Italy

Bankers Trust Company

9 Queen Victoria Street

London, EC4A 3DF London

Also Conversion Agent

Banque Internationale

4 Luxembourg S.A.

2 Boulevard Royal

Luxembourg, Luxembourg

Also Conversion Agent

If you elect to convert your

Debentures, the Debentures should be

delivered to or sent by registered mail

or its equivalent to the offices of

Bankers Trust Company or the offices

of the Conversion Agents indicated

above prior to the expiration of the

conversion right at the close of busi-

ness on Monday, September 25, 1978,

indicating your election to convert on

the reverse thereof with an endorse-

ment dated and signed by you. If the

shares of Common Stock to be issued

on conversion are to be registered in

a name other than yours, so indicate and

have your signature guaranteed by a

banking institution. Fractional shares

of Common Stock will not be issued

on conversion. Reliance World Trade

Company Ltd. or Reliance Group,

Incorporated hereby elects, pursuant

to the Indenture, to pay a cash adjust-

ment in respect of fractional interests

based on market price of the Common

Stock as of the last business day pre-

ceding the date on which a Debenture

is surrendered for conversion.

If you have any questions about the

meaning of this Notice or the most

advantageous way for you to respond

to it, it is recommended that you

consult your banker, broker or

attorney.

RELiance WORLD TRADE

COMPANY LTD.

RELiance GROUP,

INCORPORATED, Guarantor

919 Third Avenue

New York, New York 10022

Saul P. Steinberg</

COMPANY NEWS

LRC Intl. optimistic and planning new projects

SIR EDWARD HOWARD, the chairman of LRC International, believes world trade will improve in 1978-79 and that the group is well placed to benefit from such an upturn.

He says that by nature he is optimistic and that the group has a number of projects both at home and abroad on hand, some of which will be coming on stream in the current year. He stresses that the importance of exports, but adds that LRC must have a good home market to support its operations.

As reported on July 20, pre-tax profit for the March 31, year dipped from £7.21m to £6.67m on turnover ahead from £57.26m to £53.24m.

In the year sales by LR Industries were generally higher but in the second half costs eroded margins.

Sales of surgeons gloves, contraceptive sheaths and balloons were steady, but a second balloon plant did not function satisfactorily and was written off in the accounts. However, the substantial expansion of its iron factory contributed to profit.

In the year the marketing arms of LRI and Sanitas Trust were further consolidated under LRC Products, and directors hope this will lead to a more streamlined operation which should help reduce costs.

Among the Hatfielden Richborough side, strenuous efforts are being made to put the French subsidiary on a profitable footing, and Sir Edward expects to see some considerable improvement on this division in the current year.

In North America, Schmidt Laboratories did well with sales last year the group's auditors say. A new factory should this year contribute to profits and the group is planning further expansion in Puerto Rico.

In Canada sales held up well and a further five acres of land has been purchased as a site for a new factory.

LRC Europe showed higher sales in the year although profits were not maintained. The German company has shown considerable improvement and plans are in hand to further increase the number of products being sold in Europe.

In India, margins were also squeezed while sales rose. Arrangements to reduce LRC's holding in the company from 51 per cent to 40 per cent have been concluded, but Sir Edward expects the group to earn as much on the reduced capital as previously.

With Irradiated Products, an ew factory is being built at Bradford. As already announced a partnership has been formed with the Canadian Atomic Energy Commission, and the two are working closely on the new Bradford facility.

In line with the announcement last year the group's auditors say, Keens and Co. do not propose offering themselves for re-election this year, and instead the joint auditors for the last year, Whinney Murray will be proposed.

At balance date fixed assets of LRC stood at £23.45m (£20.04m), while net current assets were up from £15.83m to £24.84m.

The group has contracted and authorised capital commitments of £2.82m (£0.96m), and has a contingent liability of £642,000 relating to retirement benefit schemes. Meeting, New Street Square, EC, September 15 at noon.

G.M. Firth seeks to cut costs as sales remain stagnant

In the light of current information, the directors of G. M. Firth (Metals) do not consider that the charges of fraud and forgery brought against the chairman and certain employees will have a material effect on the company's finances.

In his annual statement, the chairman Mr. G. M. Leadbeater says that he will be "graciously resisting the charge." The accusations, relating to conspiracy to defraud and of forging test certificates, which are often supplied with certain grades of prime steel, were made after police investigations at the company ten months ago.

Following a Board meeting in April this year it was stated that Mr. Leadbeater denied the charges and would continue in office.

Turning to the group's operations Mr. Leadbeater says that generally sales have marked time and since the directors envisaged this situation continuing for the time being they are seeking to reduce operating costs by capitalising on earlier investment in property and buildings.

He comments that the recent purchase of a 13-acre site at Bradford could be seen as constituting an extension of the com-

BOARD MEETINGS

Final:
Kamantina Tin Dredging Berhad Aug. 20
The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividend and other matters and are not available for the purpose of considering matters which are not in the ordinary course of business.

Interim: Charles Baynes, Bladen and Neaves

Future Dates:

European Ferries Sept. 12
Heworth Coram Sept. 13
AMS Sept. 14
Low and Bonar Sept. 15
Macfarlane (Cannan) Sept. 16
N-South Industries Sept. 17
Peterson Investment Trust Sept. 18

AMS Sept. 24

pany's activities. However he stresses that it is not intended that the group should become a conventional property company and the site, called Princeville Works, was acquired by a newly formed property development subsidiary of the group. The cost was £153,000 after allowing for income from the sale of materials reclaimed from the site.

As they believe that the group's business in Liverpool can now be

efficiently serviced by the new and improved facilities at its other depots, the directors are negotiating the sale of the freehold site at Bootle.

An independent inspection of group's freehold and long leasehold properties in August, 1977, indicated that the book value did not differ substantially from their market value. At March 31 this year these properties stood in the balance sheet at £0.97m (£0.73m).

As known in May the group sold freehold land and buildings surplus to its requirements at its West Brunswick depot for net cash of £145,000 giving a pre-tax profit of some £70,000.

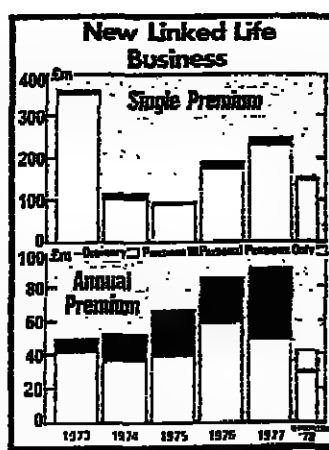
By maintaining, as intended, a steady upgrading of the quality of stock held and adopting a restraining purchasing policy during 1977/78, surplus was cut to £1.35m (£2.70m) with a corresponding reduction in bank borrowings. Year and bank overdrafts, were down from £1.34m to £382,608 and cash in hand stood at £4,263 (£18,039).

After showing a small loss at mid-way—as reported August 4—the group finished the year with a profit of £39,661 (£198,343) on turnover down at £7.69m (£7.93m).

NEWS ANALYSIS—ASSURANCE BUSINESS

Coming back to life

BY ERIC SHORT



ALL INDICATIONS at the half-way stage are that it is going to be another record year for new individual business by the life companies. The figures issued last week by the three life company associations show that new annual premiums on assurances and annuities are up 22 per cent on last year, while single premiums are showing similar growth. Last year's stagnant situation, with a rise of only 6 per cent, has been left well behind.

When new pension business is taken into account, the growth will be exceptional. The start of the new State scheme has provided a tremendous boost to new pensions business.

The situation for linked life assurance business looks even rosier. Last year was good for this type of life business, in contrast to the traditional side. Single premium business in 1977 increased by 21 per cent to £223m, thus showing a strong recovery from the poor years of 1974 and 1975. The figures issued last week not only show that this trend has continued, but indicate that overall single premium business this year could be back to the levels of 1973—the heyday for single premium linked business.

So far this year single premium business from individual investors totals £148m, nearly 50 per cent higher than last year's half-yearly value of £99m. A continuation of this growth pattern at the end of this year could see new business approaching the 1973 level of £247m.

The early years of this decade saw boom sales of bond business from the young linked life companies—led by Abbey Life and Hambro Life. It was the era of the property, managed fund and the equity bond.

Then came the market collapse of 1974 and 1975, which resulted

in a dramatic drop in bond sales. The graph shows how sharp was the fall. It had severe repercussions for the linked companies by severely restricting their cash flows. But they weathered the storm, with one or two exceptions, and the recovery in the stock market brought an upturn in bond sales. The strength of the equity and property markets this year have boosted bond sales further.

The leaders Abbey and Hambro, both report a pattern in line with or even higher than that of the overall linked market. Property funds are very much in demand and the companies have also benefited from the popularity of overseas markets with investors.

There has been a strong demand for bonds linked to international funds. However, the third market leader Vanbrugh Life (a member of the Prudential Group) has not seen the same growth pattern. In the half year stage, its single premium business was 14 per cent lower at £21.7m. The com-

pany had an exceptional year in 1977 that under normal circumstances would have been difficult to match. And it is now feeling the effect of the entry of traditional life companies into this field.

The linked life companies are also experiencing a boom in regular saving contracts, again with many linked to property or international funds. Last year saw a decline in annual premium business from individuals from £37.5m to £43.2m. This year the trend has been reversed with business 26 per cent higher over the six months to £23m. The record level of new business in 1978 could be exceeded this year.

The other feature of note in the latest figures is that the linked life companies are fully participating in the sales boom for pension contracts for the self-employed. The new State pension scheme which started in April does nothing extra for the self-employed. They still have to make their own arrangements for pension provision and a life policy is the most efficient means of doing this. Annual premium sales this year are 30 per cent up on last year.

The linked life companies now have a strong position in their regular premium business. Their position is much more stable than in 1974 and they can face a fall in bond business with reasonable comfort. At the other end of the life assurance spectrum, a satisfactory rise in industrial life business is also reported by the home service companies. This is the business where agents call regularly at the homes of policyholders to collect premiums. Premiums are nearly 13 per cent higher at £55.8m over the half year, although fewer policies have been sold.

Siebe Gorman expects progress

Following 14 successive years of higher profits at Siebe Gorman Holdings, Mr. G. C. D'Arcy Biss, the chairman, says in his annual statement that he anticipates further profitable progress in the current year.

The Board is confident the group will continue to prosper and to develop its successful position from the solid management of £145,000 giving a pre-tax profit of some £70,000.

The level of incoming orders for the first months of this year is well ahead of last year while existing orders are also strong. Trading activities will serve to maintain the commercial edge in the group's home and overseas markets.

As reported on July 25, pre-tax profit for the year to March 31, 1978, increased 10 per cent to a record £4.47m on turnover 17 per cent up at £42.54m. The total dividend is up from £3,653p to £4,641p.

An analysis of turnover and profit shows (2000s) protective and safety clothing contributed £18,433 (£15,477) and £2,247 (£1,508); underwear, marine and aviation safety equipment £7,381 (£6,385) and £773 (£771); fire engineering £3,241 (£2,744) and £265 (£207); textiles £2,584 (£2,305) and £501 (£374); footwear £2,233 (£2,397) and £186 (£130) and rubber and plastic products £1,396 (£1,143) and £175 (£164). Associated companies contributed £319,000 (£404,000) to profits.

The record year included excellent trading achievements by the majority of the group's UK companies. Overseas exports from these again increased by 34 per cent on top of the 35 per cent increase in the previous year. Since 1976, exports have increased by over 50 per cent, and these overseas sales have made an appreciable contribution to the UK profits, says Mr. Biss. The engineering companies maintained their progress, with divisional profits ahead of the previous year by 12 per cent.

Siebe Gorman and Company has now completed its relocation into

the new factory in Gwent, at Cwmbran and all indications point to a successful current year in the new location, while Merryweather starts the year with a record fire-fighting vehicle order book.

James North and Sons (protective clothing and safety equipment) once again operated at high levels of efficiency and experience an excellent year in terms of both sales and profits.

Textile and footwear operations also had a successful year, with profits ahead of the previous year. During the year, the total assets and fixed capital of Siebe Gorman and Company at Carnforth, Lancashire, were acquired for cash.

The rubber and plastic moulding activities also had a good year, with the beginning of significant shipments of components to the footwear operations.

The operating companies in the Republic of Ireland, Switzerland and Denmark, achieved good results, with profits ahead of the previous year. German and Swedish operations continue to give a good account of themselves. Both the Republic of Ireland and New Zealand companies experienced a disappointing year due to continued very depressed demand in competitive markets, adds Mr. Biss.

Meeting, Winchester House, EC, September 13 at 12.30 pm.

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Small companies losing their investment appeal

THE CHANCES of investors getting better than average market gains by investing in small companies have fallen substantially in the six months to August 1978, according to the brokers.

In a survey of performance of various sectors of the share market the firms says that less than half of 80 randomly selected small companies outperformed the FT 100 index in the six months period. Twelve stocks selected recorded price falls. Comparing the performance of the 80 companies in the 12 months to August 1978 the firm found that almost 50 small companies were greater than the share index.

"On a random basis it can be demonstrated that small was indeed beautiful as far as investment performance over the past year was concerned," the firm said. "Our analysis over the past six months indicates, however, that smaller companies will find it more difficult to emulate their outstanding performance in the current year."

Analysis suggested a number of reasons for the relative performance of small companies including the fact that they had been left behind by the share price recovery in the

majorities that occurred earlier. During the summer months, when the market was in a strong upward trend, small companies tended to push prices higher than average because of the difficulty in getting stock.

The reasons for the change in relative performance in the last six months according to Mr. W. G. Bain, the Wood Mackenzie partner responsible for the analysis, are that the catch-up phase had just all but come to an end. One or two of our clients have reported back to us that they are taking profits from small company gains and switching into larger companies," he said. "But people are still talking about small company performance and, as we specialise in large companies we had a vital interest in looking at what was actually happening in the market place."

The brokers firm concludes that, while the evidence is not complete it does indicate that relative performance from small companies (excluding the big ones) is likely to be disappointing in 1978. There is little doubt that these remain the waters to fish in if one is looking for an outstanding catch but the waters have been less fishy and the chances of landing the big one are significantly diminished."

House prices still easing

HOUSE prices rises are still easing, with the most popular English house — the semi-detached — showing the lowest percentage rise this year, says last month's price survey by the Royal Institution of Chartered Surveyors.

The halt in the rise in prices was predicted after the cut in the availability of mortgages, which are "certainly still available but purchasers have to search much harder for supply and perhaps at more than the recommended rates," says Mr. John Thomas, deputy chairman of the RICS public relations group.

The survey also shows that there is still serious shortage of houses on the market.

Financial and banking MSc.

A NEW 12-month advanced course in financial and banking studies, leading to an MSc degree, is to be introduced by Heriot-Watt University, Edinburgh, in October.

The course has been designed for those already in, or those seeking careers in banking or the financial divisions of national and international corporations.

Admission will generally be open to graduates with first-class or second-class honours degrees in accountancy, economics, or business studies, and also to people with acceptable professional qualifications.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Minimum payable	Life of bond
Barnsley Metro. (0226 203232)	11	1-year	250 5-7
Knowsley (051 548 6555)	11	1-year	1,000 5-7
Poole (02013 5151)	10	1-year	500 5-7
Poole (02013 5151)	11	1-year	500 6-7
Redbridge (01-478 3030)	11	1-year	200 5-7
Thurrock (0375 5122)	11	1-year	300 5-7
Thurrock (0375 5122)	10	1-year	300 3

FINANCE FOR INDUSTRY TERM DEPOSITS
Deposits of £1,000-£25,000 accepted for fixed terms of 3-10 years. Interest paid gross. Half-yearly. Rates for deposits received not later than

OVERSEAS MARKETS

INTERNATIONAL BONDS

BY FRANCIS GHILES

Market changes mirror currency turmoil

THE TURBULENCE of the foreign exchange market and the selective buying was reported in the floating rate note sector: for the dollar coming from Washington were the major factors affecting the market last week. The rise in the U.S. discount rate came too late on Friday to have much impact, at the end of the quietest day of the week.

Prices had held up reasonably at the beginning of the week, in the belief that U.S. interest rates had nearly peaked out. That belief soon vanished as the dollar came under heavy pressure, falling to new lows against the Swiss franc and the Deutschmark. Gold soared to new heights and the result was extreme caution on the part of buyers. Most activity last week was professional.

On Tuesday and Wednesday, selling pressure was heavier but was stemmed on Thursday by the rebound of the dollar and the increasing expectation of a further rise in U.S. interest rates. The U.S. discount rate moved up a full half point on Friday but not all dealers were convinced this would ensure any great steadiness for more than a short period.

Despite the fall of a half to five-eighths of a point on the measures the Swiss authorities week, prices were still much higher than what they had been a few weeks ago.

The only area where a little selective buying was reported in the floating rate note sector: for the dollar coming from Washington were the major factors affecting the market last week. The rise in the U.S. discount rate came too late on Friday to have much impact, at the end of the quietest day of the week.

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Despite the fall of a half to five-eighths of a point on the measures the Swiss authorities week, prices were still much higher than what they had been a few weeks ago.

The Finance Ministry said that it will approve today Mitsubishi Corporation's plan to borrow a \$1m, five-year loan with a multi-currency clause from West-Deutsche Landesbank.

Empresa Toluca, a private Mexican company, is raising a \$100m loan, \$15m of which will be provided by the international Finance Corporation. The rest will be provided by a group of banks led by Citicorp.

Aluminio del Caroni, a private Venezuelan company which is a subsidiary of the U.S. company R. J. Reynolds is raising \$75m for eight years on a spread of 1 1/2 per cent throughout. This loan is being arranged on a private basis by Bank of America and a small group of banks.

Reports that the Indonesian state oil company, Pertamina, might wish to raise a sizeable loan in the market soon would appear to be somewhat premature. Before the company returns to the international capital markets, it would have to get the approval of the Indonesian Government. That is not yet the case and banks are therefore not in a position even to consider

Mitsubishi is bound to borrow the loan in dollars. In the first year, it will be changeable to any currency, except the Yen, which the borrower prefers to use from the second year it said.

CURRENT INTERNATIONAL BOND ISSUES

Borrower	Amount	Av. life	Coupon	%	Lead manager	Offer yield
U.S. DOLLARS						
Exp. Dev. Corp. Canada	125	1983	n.a.	7 1/2	Salomon Bros., Wood Gundy	7.5
Texas Int. Airlines	20	1993	7 1/2	100	Smith Barney, Harris Upham	
TEB	20	1990	7 1/2	100	Nikko Securities	
IBB	20	1990	7 1/2	100	CSWV	
FRAB Bank	20	1986	6 1/2	100	Société Générale	
D-MARKS						
Mitsubishi Petrochem. (revised Mitsubishi Bk.)	40	1983	5	99 1/2	West LB	5.87
Styria-Financ	30	1984	5	99 1/2	Deutsche Bank	
Styria-Financ	30	1984	5	99 1/2	Deutsche Bank	
JUDS	40	1983	5	99 1/2	Deutsche Bank	5.93
Statoll (revised Norway)	150	1988	5	100	Deutsche Bank	
SCS Computer	40	1985	5	100	Dresdner Bank, Daiwa	3.3
SWISS FRANCS						
Chase Manhattan	70	1993	n.a.	4	Swiss Bank Corp.	4.0
IF. L. Smith	25	1989	n.a.	4 1/2	Swiss Bank Corp.	4.5
YEN						
Matras Power Co.	100m	1993	n.a.	7.4	Daiva, Deutsche, S. G. Warburg	
ADD	150m	1988	10	5 1/2		

* Not yet priced. * First stage. * Placement. * Floating rate note. * Minimum. * Convertible. * Registered with U.S. Securities and Exchange Commission. * Purchase price. * Registered with Japanese Ministry of Finance. * Notes values are calculated on AIBD basis.

Indices

NEW YORK - DOW JONES

	Aug. 16	Aug. 17	Aug. 18	Aug. 19	Aug. 20	Aug. 21	High	Low	Close	Change
Industrial	108.86	108.86	108.86	108.86	108.86	108.86	108.86	108.86	108.86	0.00
Transport	108.86	108.86	108.86	108.86	108.86	108.86	108.86	108.86	108.86	0.00
Utilities	108.86	108.86	108.86	108.86	108.86	108.86	108.86	108.86	108.86	0.00
Trading vol.	44,840	45,377	46,140	46,706	47,282	47,858				

* Basis of Index changed from August 24

STANDARD AND POORS

	Aug. 16	Aug. 17	Aug. 18	Aug. 19	Aug. 20	Aug. 21	High	Low	Close	Change
Industrial	118.50	118.50	118.50	118.50	118.50	118.50	118.50	118.50	118.50	0.00
Utilities	118.50	118.50	118.50	118.50	118.50	118.50	118.50	118.50	118.50	0.00
Trading vol.	44,840	45,377	46,140	46,706	47,282	47,858				

* Basis of Index changed from August 24

NEW YORK

High	Low	Stock	Aug. 16	Aug. 17	Aug. 18	Aug. 19	Aug. 20	Aug. 21	High	Low	Stock	Aug. 16	Aug. 17	Aug. 18	Aug. 19	Aug. 20	Aug. 21
39	25	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2
40	26	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2
41	27	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2
42	28	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2
43	29	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2
44	30	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2
45	31	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2
46	32	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2
47	33	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2
48	34	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2
49	35	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2
50	36	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2
51	37	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2
52	38	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2
53	39	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2
54	40	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2
55	41	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2
56	42	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2
57	43	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2
58	44	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2
59	45	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2
60	46	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	Alcoa	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2	27 1/2

N.Y.S.E. ALL ORDERS

	Aug. 16	Aug. 17	Aug. 18	Aug. 19	Aug. 20	Aug. 21	High	Low	Close	Change
Industrial	108.86	108.86	108.86	108.86	108.86	108.86	108.86	108.86	108.86	0.00
Transport	108.86	108.86	108.86	108.86	108.86	108.86	108.86	108.86	108.86	0.00
Utilities	108.86	108.86	108.86	108.86	108.86	108.86	108.86	108.86	108.86	0.00
Trading vol.	44,840	45,377	46,140	46,706	47,282	47,858				

* Basis of Index changed from August 24

STANDARD AND POORS

	Aug. 16	Aug. 17	Aug. 18	Aug. 19	Aug. 20	Aug. 21	High	Low	Close	Change
Industrial	118.50	118.50	118.50	118.50	118.50	118.50	118.50	118.50	118.50	0.00
Utilities	118.50	118.50	118.50	118.50	118.50	118.50	118.50	118.50	118.50	0.00
Trading vol.	44,840	45,377	46,140	46,706	47,282	47,858				

* Basis of Index changed from August 24

NEW YORK

291	381	Johns. Manville	44 1/2	60 1/2	29	Harriet	27 1/2
294	384	Johnson Johnson	44 1/2	24 1/2	28	Haystack Metals	27 1/2
323	343	Johnson Control	29	68	52 1/2	Haystack W. Int.	27 1/2
324	344	Johnson Corp.	29	68	52 1/2	Haystack W. Int.	27 1/2
291	231	J. M. Corp.	29	26 1/2	28	Heckel & Co.	27 1/2
318	318	Kaiser Aluminum	29 1/2	26 1/2	28	Hess & Hess	27 1/2
301	311	Kaiser Industries	29 1/2	26 1/2	28	Hess & Hess	27 1/2
144	38	Kaiser Steel	14 1/2	17 1/2	13 1/2	Hess & Hess	27 1/2
38	134	Kennecott	14 1/2	17 1/2	13 1/2	Hess & Hess	27 1/2
27	27 1/2	Kidde Water	27 1/2	45 1/2	23 1/2	Hess & Hess	27 1/2
30	384	Kidde Company	27 1/2	45 1/2	23 1/2	Hess & Hess	27 1/2
249	48	Kidde Water	27 1/2	45 1/2	23 1/2	Hess & Hess	27 1/2
249	48	Kidde Water	27 1/2	45 1/2	23 1/2	Hess & Hess	27 1/2
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249	48	Kidde Water	27 1/2	45 1/2	23 1/2	Hess & Hess	27 1/2
249	48	Kidde Water	27 1/2	45 1/2			

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund	Keyselex Mngt., Jersey Ltd.
37, rue Notre Dame, Lavembourg.	190 Box 96, St. Helier, Jersey. Eng 01-50670
Alexander Fund. — 308754 —	Paralelex. — Prd 366 1999 — 2
Net asst value Aug. 18.	Handvoles. — Prd 11-6 22-6 — 1

[illegible]

Next sub. day August 31.	(g) Trust	40.2	63.8	+0.1
	(h) Dollar Trust	28.4	32.5	+0.1
	(i) Capital Trust	31.6	32.2	-0.1
	(j) Financial Trust	28.3	29.5	-0.1
	(k) Income Trust	28.3	30.7	-0.1

[illegible][illegible][illegible]

ardine Fleming & Co. Ltd.

Prices do not include \$ premium, except where indicated & and are in pence unless otherwise stated.

1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 2680, 26

FINANCE LAND *Continued*[illegible]

Carroll (P.J.)	185
Clondalin	93
Concrete Prod.	115
Hutton (Hedge)	200
Inn. Corp.	160
Irish Hopes	130
Jack Sim.	65
Sun Sim.	34
Sun Sim.	215
T.M.G.	110
Umdare	120

Quinn	8	Mrs. & Spencer	Samuel Prop.	9
Waters	15	Midland Bank	Town & City	14
Star	17	N.E.I.	Oils	
Waters	15	W. West Bank	Int. Petroleum	45
Waters	15	W. West Bank	Burmah Oil	5
Waters	15	P & U Ltd.	Charterhall	1
Waters	15	R H M.	Shell	28
Waters	15	Bank of S. A.	Uthman	20
Waters	15	Reed Intl.		
Waters	15	Spillers	Mines	
Waters	15	Tesco	Charter Cons.	12
Waters	15	Thorn	Cons. Gold	14
Waters	15	Trust Houses	Sio T. Zinc	16

Scrutiny of state agencies is sought

 BY JOHN ELLIOTT,
 INDUSTRIAL EDITOR

Far-reaching proposals for the National Enterprise Board to be told to open its books for Parliamentary scrutiny are expected to be made this week.

They will be contained in a report from the influential Commons Public Accounts Committee, which will propose that Parliament should have considerably increased influence over Government aid to industry and over new agencies such as the National Enterprise Board and the British National Oil Corporation.

The Board has strongly resisted the committee's ideas in the past. Its chairman, Sir Leslie Murphy, has said that a loss of commercial secrecy that would result from close Parliamentary scrutiny of its work would prevent it from operating effectively.

The committee's report will add to the political debate about the future of both the board and government industrial aid in general, which is likely to be made an issue by the Tories in the next general election campaign.

Reports

The committee's report, which is expected to be published on Thursday, will also cover various responsibilities of the Department of Industry, including the state aid given to British Leyland and Rolls-Royce.

This will be the eighth report from the committee, whose chairman is Mr. Edward Du Cunn, the Conservative MP for Taunton.

This year, the committee is publishing its reports in separate sections — last week it reported on the Humber Bridge, public sector pensions, and duty-free whisky.

One of the most contentious points in this week's report will concern Sir Douglas Henley, the Comptroller and Auditor-General, who carries out investigations for the committee. It will propose that he should have direct access to the board's books.

He should also have more access to the British National Oil Corporation (BNOC), which is the responsibility of the Department of Energy.

At present he and the committee have direct access only to the permanent secretaries of the departments responsible. In the case of the board, this is Sir Peter Carey, of the Industry Department.

Mr. Du Cunn and his colleagues believe that the creation of the Board and the Corporation in recent years provides an opportunity for Parliament to devise new methods of accountability for nationalised industries and other state-owned businesses.

They are expected to say this week that it is not sufficient for such businesses to report just to the Whitehall departments concerned. There should, instead, be direct scrutiny of their work by Parliament through its committee and the Comptroller-General.

Continued from Page 1

Dollar

of 41 per cent against the D-mark.

Some dealers feel that the recent sharp fall in the dollar has gone far enough for the time being. Even after a recovery towards the end of last week, the U.S. currency was still more than 8 per cent down against the Japanese yen over the last month.

Trading conditions were nervous on Friday as dealers were reluctant to commit themselves to new positions, given the possibility that the rally could be short-lived.

Central bank action has so far been limited to denouncing disorderly exchange market conditions, with only limited intervention to smooth out day-to-day fluctuations.

There is general agreement that it is pointless to try to halt market pressures but there are differences of emphasis between countries.

Japanese Ministers, for example, have hinted that if the U.S. changed its mind and became determined to help itself, then perhaps Japan could take some more effective action to stop the currency fluctuations. This could involve activating swap arrangements.

The West German Government has been keen to dampen down speculation about new inter-governmental efforts. The Bonn view is still that any strengthening of the U.S. currency can be related only to U.S. steps to cut its inflation rate and to reduce oil imports, as promised by President Carter at the economic summit in mid-July.

The British view is slightly different in that while officials in London share the concern about the size of the U.S. deficit, they lay more stress on reductions in the current account and on the U.S. balance of payments through expansionary moves by their government.

Thatcher campaigns as Callaghan rests

BY RICHARD EVANS, LOBBY EDITOR

MRS. MARGARET THATCHER will today launch the Conservative run-up campaign to the expected October election with visits to two of Labour's most marginal seats in Kent. The Prime Minister continues his holiday for a further week and remains tantalisingly silent about election timing.

The Conservatives—and most Labour MPs—remain convinced that Mr. Callaghan will choose either October 5 or 12, and plans are being completed for a hectic tour of key areas by the Tory leader before the election date is announced, probably in mid-September.

Conservative officials appeared unperturbed yesterday at hints from Mr. Merlyn Rees, Home Secretary, that the Government might introduce a Bill to regulate the contributions made by companies to political parties.

The move was regarded as the start of party political infighting after two weeks of holiday following the late rising of Parliament.

Mr. Rees, speaking in his Leeds South constituency on Saturday, urged a thorough discussion in Parliament of the contributions made to parties by commerce and industry. Trade union funding of

the Labour Party was fully accounted for, he said, but this was not the case with company contributions.

Those contributions merited full discussion, "and I suggest we should explore the possibility of a short Bill which would treat companies in the same way as trade unions."

Declared

Mr. Angus Maude, deputy chairman of the Conservative Party, commented that only about 15 per cent of Tory funds came from industrial companies. The remainder was volunteered from the pockets of individuals who wanted an end to Socialism.

Industrial companies which contribute to political parties have to declare the fact in their published accounts, so anyone can find out where the Conservatives' money comes from.

Mr. Maude, who attacked the Government's employment record, said that with an election coming Ministers would like to stop the truth being told. Mr. Maude was living in a fool's paradise if he thought he could achieve that end with a bill to control companies' political contributions.

Mrs. Thatcher's visits today are to the marginal constituencies of Rochester and Gravesend. Next week she tours constituencies in Scotland and the Borders, including that of Mr. David Steel, the Liberal leader, at Roxburgh. Selkirk and Peebles.

Mr. Callaghan's first big speech after completing his holiday at his Sussex farm will be to the TUC at Brighton on September 5, when he is expected to call for maximum trade union support, particularly on the wages front, to enable the Government to continue its counter-inflation strategy. The implication will be that such support will also enable Labour to retain power.

Soon after his visit to the TUC, Mr. Callaghan is expected to meet Mr. Steel, possibly to give his former ally in the Lib-Lab pact prior notice of the election date and to exchange views on the prospects that would follow another "hung" Parliament.

Tories in Wales held a strategy meeting at Aberdare at the weekend to step up plans for the expected autumn election. A number of leading Conservatives are to visit the area in the next few weeks, starting today with Mr. Tom King, Shadow energy spokesman.

Ignore toolroom strike, union urges BL workers

BY ALAN PIKE, LABOUR CORRESPONDENT

UNION OFFICIALS this morning will urge employees at BL's SU Fuel Systems components factory, Birmingham, to make efforts to keep production going in spite of an unofficial strike by 32 toolroom workers.

The three-week strike has reached the point of serious consideration between Amalgamated Union of Engineering Workers leaders and the rebel members in the toolrooms of BL, formerly British Leyland.

Later today, several hundred BL toolroom workers in the Birmingham area are being urged to militate at which union officials will assure them that every effort is being made to resolve pay parity problems in the company.

The 32 SU strikers, who are demanding parity with other BL toolrooms in Birmingham, see their move as the start of a campaign by BL toolroom workers to achieve separate bargaining arrangements.

Leaders of the unofficial Leyland toolroom committee, which

organised last year's highly damaging strike in the company, are collecting contributions in support of the men.

None of the strikers obeyed an instruction to attend a meeting of the engineering union's East Birmingham district committee at the weekend and explain why they had not responded to a union call to return to work.

The committee retaliated by imposing £9 fines on all except two men who apologised for their absence. It is asking the union executive to withdraw district committee membership from the strike leaders.

Mr. Ken Cure, East Birmingham district secretary, who will address the other SU workers this morning, said yesterday that the committee believed the action of the toolmakers could jeopardise

moves towards pay rationalisation in BL for themselves and other workers.

"The mass meeting of all toolmakers in the district is being called to ensure that they know the full facts of the issue," he said.

A further 1,000 workers at BL's radiator plant at Llanelli, South Wales, have been sent home because of an unofficial strike by 100 key production workers.

This brings the total number of lay-offs at the factory to 1,350 since the stoppage started last Wednesday and threatens to close the plant entirely by mid-week.

Management and union representatives meet today in an attempt to solve the dispute, which involves production workers in a claim for pay parity with craft unions within Leyland.

It is feared that the strike could affect other BL plants. The Llanelli factory is a chief supplier of components to the

Tories will end equality says Basnett

 BY ALAN PIKE,
 LABOUR CORRESPONDENT

TRADE UNIONISTS are being told today that a vote for the Conservative Party would be a vote for "inequality, elitism, private affluence and public squalor."

The attack comes from Mr. David Basnett, the TUC chairman, in the latest sharply worded exchange with Opposition leaders.

Mr. Basnett and other union leaders have provoked criticisms from Conservative leaders since they formed a Trade Union Committee for Labour Victory last month.

Replying to the Tories in his own journal today, Mr. Basnett, general secretary of the General and Municipal Workers Union, says that every trade unionist must recognise that a vote for the Tories would be a vote to reverse the social advances of the last 30 years.

"They wish to squander the economic opportunity given us by the North Sea revenues not to go forward but to go back."

Conservative economic policy was based on cutting public spending and taxation, firm control of the money supply and ending price controls.

Poor hit

These items did not add up to a tenable overall economic strategy but even pursuing them to a limited degree would fall very heavily on the poorer sections of the community.

In the TUC annual report published today, Mr. Basnett and his colleagues on the general council give an account of their meeting with the Prime Minister last month before the Government announced its 5 per cent pay guideline for the coming year.

Mr. Callaghan, says the report, agreed with the union leaders that the Government was "preoccupied with levels of pay" but said that this was because levels of expectations had been too high in the past.

The Prime Minister said that there would be no attempt to introduce pay legislation and the only weapons in the Government's armoury were persuasion and public opinion.

Weather

UK TODAY
 SOME RAIN in N. drizzle on W coast, dry elsewhere.

London, SE England
 Mostly dry. Sunny periods. Max. 23C (73F).

E Anglia, E. Cent. S England, Midlands, Channel Isles
 Mostly dry. Sunny periods. Max. 21C (70F).

SW England, Wales
 Some coast and hill drizzle. Sunny intervals. Max. 18-20C (64-68F).

NW, NE, Cent. N England, Isle of Man, Borders, Edinburgh, Dundee, N Ireland
 Cloudy. Outbreaks of rain. Max. 18-19C (64-66F).

Aberdeen, Moray Firth, Highlands, NE, NW Scotland, Argyll
 Sunny intervals. Showers locally perhaps with thunder. Max. 16-18C (61-64F).

Orkney, Shetland
 Showers locally, perhaps heavy with thunder. Max. 14C (57F).

Outlook: Mostly dry, with sunny intervals. Warm at first in SE.

BUSINESS CENTRES

Y day	Y day	Y day	Y day
midnight	midnight	midnight	midnight
Amsterdam F 24 73 London S 24 73	Antwerp S 24 73	Bahran S 24 73	Barcelona P 24 73
Bombay S 24 73	Buenos Aires S 24 73	Calcutta S 24 73	Canton S 24 73
Cebu S 24 73	Hankow S 24 73	Hong Kong S 24 73	Kobe S 24 73
London S 24 73	Manila S 24 73	Medan S 24 73	Mumbai S 24 73
Nagasaki S 24 73	Osaka S 24 73	Perth S 24 73	Rangoon S 24 73
Singapore S 24 73	Tokyo S 24 73	Yokohama S 24 73	

HOLIDAY RESORTS

Y day	Y day	Y day	Y day
midnight	midnight	midnight	midnight
Ajaccio S 25 77 Jersey S 25 77	Algeria S 25 77	Amsterdam S 25 77	Antwerp S 25 77
Bahran S 25 77	Barcelona S 25 77	Bombay S 25 77	Buenos Aires S 25 77
Calcutta S 25 77	Canton S 25 77	Cebu S 25 77	Hankow S 25 77
Hong Kong S 25 77	Kobe S 25 77	London S 25 77	Manila S 25 77
Medan S 25 77	Mumbai S 25 77	Nagasaki S 25 77	Osaka S 25 77
Perth S 25 77	Rangoon S 25 77	Singapore S 25 77	Tokyo S 25 77
Yokohama S 25 77			

Greek economic growth likely despite inflation problems

BY DAVID TONGE

ECONOMIC growth in Greece is expected to accelerate to 4.5 per cent in 1978, 1 per cent higher than last year, according to the latest OECD annual economic survey on the country.

However, the survey, released in Paris yesterday, says that the economy faces several disturbing problems: "Exports and manufacturing investment seem likely to remain weak, the current external deficit is expected to widen and inflationary pressures could strengthen."

In the 12 months to March, the consumer price index rose by 13.4 per cent. The survey says that unlike most other OECD countries, Greece in the last three years has made little progress in combating inflation. It says inflationary pressures might also be stronger than the consumer price figures suggested.

The survey comes just after the release in Athens of a report by the Institute of Economic and Industrial Studies, which also emphasises the problems facing the economy.

This report says that manufacturing investment in the first six months of the year has been only a little above the (scarcely satisfactory) levels of the second half of last year.

For the rest of the year, it forecasts a small increase in investment. Like the OECD, it stresses the problems of exports.

The OECD survey estimates that labour costs have been the main factor contributing to consumer price increases. However, it describes how this year's budget initially included a deficit

close to 81 per cent of GDP and says that there has also been a considerable monetary impulse to inflation.

Instead of covering the budget deficit on the domestic market by issuing bonds, the Government has, to some extent, relied on International Monetary Fund advice, raised medium-term loans abroad through the Bank of

Greece. The Government has, in fact, just announced a Bill aimed at reducing evasion, though it has been criticised as inadequate by the opposition.

Turning to medium-term issues, the OECD report says that per capita incomes in Greece have increased from 39 per cent of the OECD European average in 1955 to 53 per cent last year.

However, the structural adjustments essential for the rapid expansion of exports have been relatively slow and "industrial capacity in Greece has not expanded at a rate markedly expected in a developing country."

Comparing Greece with Portugal, Spain and Yugoslavia it says that, for manufacturing exports, the comparisons are adverse and exports consist largely of processed raw materials and light manufactures.

Expansion in the more technologically-advanced products has been slow, with Greek exports per head of population between one-third and one-half the level in the other southern European industrialising countries.

Greece, to finance its public works budget. In June, it also introduced a package of measures to reduce the budget deficit to about 6 per cent of GDP.

Present public expenditure is somewhat inflexible, meaning that the public investment budget is the main target of the measures.

How much of the cut will be achieved through real reductions in activity and how much through

Edmond Dell, the Trade Secretary, in May should be aimed at preventing sales of modern vessels at distress prices. Most buyers for Hong Kong and China.

Other tramp shipowners known to be talking to the Government about their debt problems are Turnbull Scott and London and Overseas Freighters.

Continued from Page 1

Record number ships idle

The General Council says that 27 bulk carriers totalling 125m dwt were sold in the first half of the year and most of the major British owners have been involved.

Canard has just sold off its entire Canard-Brockbank Bulk fleet of six bulk carriers and two P & O and Ocean Transport and Trading have sold relatively modern as well as many older ships.

Ironically, shipowners say that Government policy is forcing an even more rapid sale of ships. It has become clear that one of the main terms on which the Government agreed to back a three-year moratorium on the debts of Bibby Line last week was the sale of a number of ships.

Some shipowners feel strongly that the Government rescues plan, announced by Mr.

Edmond Dell, the Trade Secretary, in May should be aimed at preventing sales of modern vessels at distress prices. Most buyers for Hong Kong and China.

Other tramp shipowners known to be talking to the Government about their debt problems are Turnbull Scott and London and Overseas Freighters.

THE LEX COLUMN

The smoke signals from chemicals

Much to the puzzlement of some economists a growing number of international companies are reporting surprising good second quarter profits. Observers appear to be marginally more optimistic about the growth of world trade in the second half of the year, but judging by the latest economic indicators nothing really fundamental seems to have changed.

The volume of world trade, which grew by 4 per cent last year, is expected to grow by much the same this year and next (roughly half the average rate of the previous decade).

Nevertheless, an increasing number of companies are sounding a bit more cheerful about their prospects. Last week, such disparate companies as Akzo, Unilever, Hoechst and Royal Dutch/Shell noted that either business or profits seemed to be picking up faster than expected.

Meanwhile, U.S. company profits in the second quarter were 17 per cent up on the previous three months and a number of companies in basic industries like steel, aluminium, chemicals and wood pulp have reported sizeable increases in money output. The question is, has the corporate sector (and world stock markets) spotted something that the economists have missed?

Although the problems of chronic over-capacity and pricing in the European fibres industries are still far from over, companies are no longer losing such large amounts of money. Akzo, in particular, seems to have got to grips with its fibre losses which amounted to roughly \$270m over the past three years. In the second quarter its fibres operation made a \$112m profit—the first for a long time.

Aside from fibres, the European chemical companies seem to have been experiencing a pickup in activity in the second quarter. Shell has reported that its petrochemical sales volume improved somewhat during the period and although Hoechst reported a 13 per cent drop in first half profits, second quarter sales rose by 11 per cent.

Of all the European chemical companies the Germans have probably suffered the most. Apart from depressed demand and weak prices, they have been hit by the appreciation of the deutchmark. Last year, this meant that while German economic growth was running at 2.4 per cent, the chemical industry grew by around 0.5 per cent.

Ups and downs

The improvement in corporate profitability around the world is still very patchy. Shipbuilding and shipping remain very depressed, a fact which will no doubt show through grimly in Ocean Transport's interim results tomorrow.

Similarly, the European steel manufacturers are nowhere near as happy as the U.S. steel industry where U.S. Steel and Bethlehem Steel recently reported second quarter profits of 54 per cent and 144 per cent respectively. However, the chemical industry, which is pretty sensitive to changes in economic growth rates, seems to be recovering from its setback at the end of last year.

The second quarter results from the U.S. chemical majors were mixed. Du Pont, still per cent.

benefiting from the improved profitability of its fibres operation, reported a gain of 18 per cent. Union Carbide was 4 per cent ahead. Dow Chemical was unchanged and Monsanto suffered a 7 per cent drop in profits.

After a dull first quarter, U.S. chemicals production recovered in the spring and could be as much as 5 per cent up for the whole year. Meanwhile, prices should rise by around 5 per cent in the current year. This is less than the rate of inflation but is faster than last (roughly half the average rate of the previous decade).

In Europe, the chemical companies seem to be over the worst. European ethylene prices which are a useful proxy for the level of the industry activity, dipped in the last quarter of 1977 and have since recovered although in the current period, which is seasonally the weakest, they are showing signs of easing.

There have been false dawns and until the underlying economic statistics show that the pace of economic growth is materially faster than originally forecast, it is hard to be overly optimistic. There also seems no reason to believe that chemical companies are going materially to out-perform the world economy in the coming months.

ICI will do well to do much more than match its 1977 profits in the current year, and they may well mark time next year.

For the chemical industry before and until the underlying economic statistics show that the pace of economic growth is materially faster than originally forecast, it is hard to be overly optimistic. There also seems no reason to believe that chemical companies are going materially to out-perform the world economy in the coming months.

The corset


Ever since 1971 the fact that the banks can create or destroy reserve assets by juggling their loans to discount houses has been a curiosity of the UK banking system. But now the corset is causing problems.

An exhaustive analysis in W. Greenwell's latest Monetary Bulletin comes to the conclusion that recent high rises in eligible liabilities have largely reflected a shortage of reserve assets rather than window-dressing.

Only if reserve assets become more plentiful will the banks be able to shift their positions with the discount houses in a way which will reduce their interest-bearing eligible liabilities and thus ease their position relative to the corset.

The Bank of England, in attempting to control this highly complex system by operating on the total of reserve assets, is—according to the brokers—having to make some extraordinarily fine judgments.

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